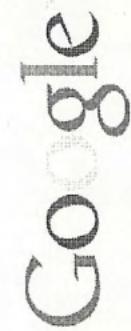


Exhibit 1606 to the Cisneros Declaration, Revised Version – Redacted

Comp Basics for Recruiters



Google Confidential and Proprietary



CONFIDENTIAL ATTORNEYS EYES ONLY

GOOG-HIGH TECH-00036287

1606.1

CONFIDENTIAL ATTORNEYS EYES ONLY

Objectives

Google

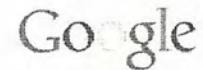
- 1) Provide recruiters with a strong foundational knowledge of compensation at Google
- 2) Prepare recruiters for common comp-related questions, objections and circumstances that they may encounter while working with a candidate
- 3) Increase transparency of Google's compensation philosophy and processes
- 4) Encourage broader recruiter collaboration with compensation team

1604.2

GOOG-HIGH TECH-00036288

CONFIDENTIAL ATTORNEYS EYES ONLY

Course Overview



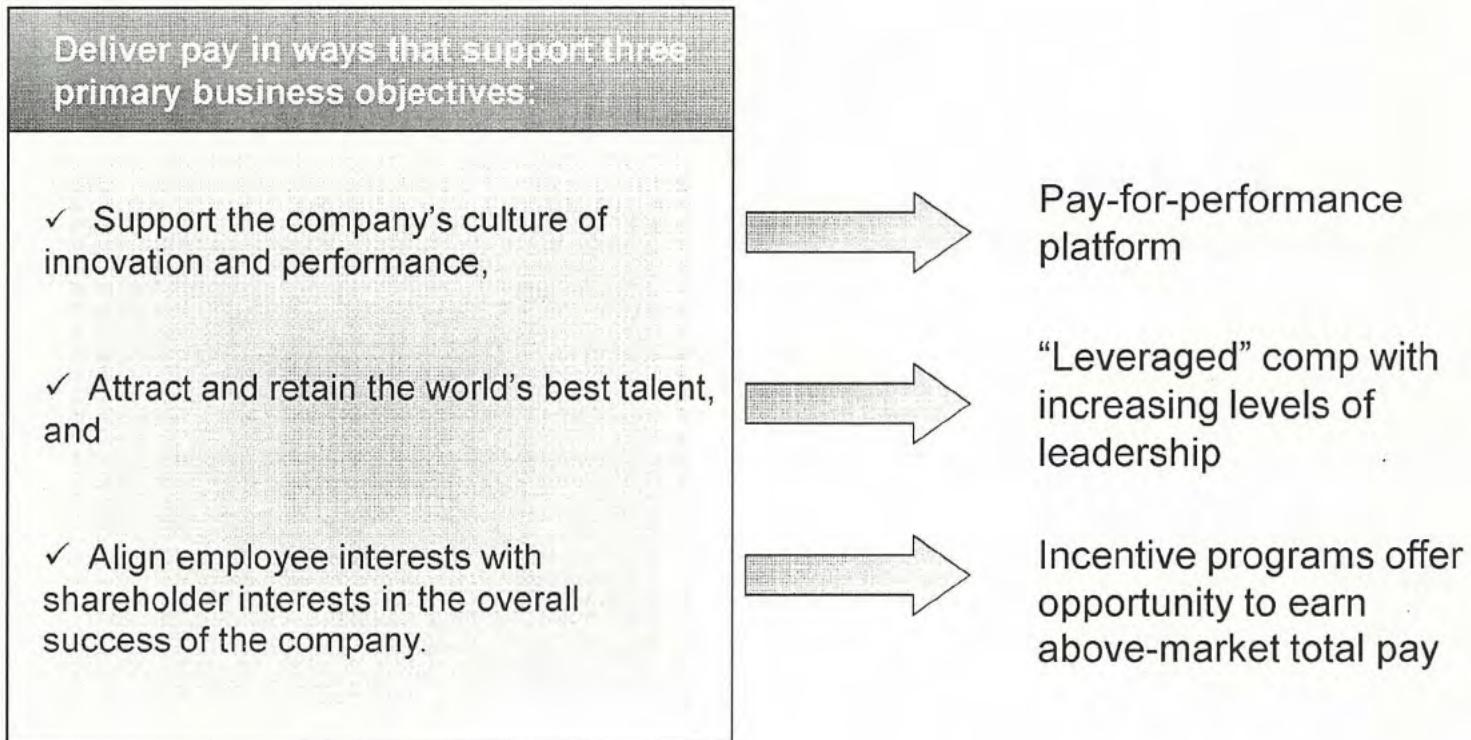
- ✓ Philosophy
- ✓ Compensation Components
- ✓ Comping an Offer
- ✓ Miscellaneous
- ✓ Objections and Rebuttals
- ✓ Contacts

lulu3

GOOG-HIGH TECH-00036289

Compensation Philosophy

Google



| 66.4

GOOG-HIGH TECH-000036290

CONFIDENTIAL ATTORNEYS EYES ONLY

What's our pay history?

Google

Target market pay rates have changed with growth



1665

GOOG-HIGH TECH-00036291

Google Confidential and Proprietary

Total Renumeration Value Proposition

Google

Google aims to be very competitive on total reward – most people experience a change in pay mix, resulting in larger total remuneration packages

	REWARD ELEMENT	OBJECTIVE
TOTAL REWARD	WORK CONTENT, ENVIRONMENT & CULTURE	Build one of the most intelligent, highly motivated groups of employees in the world and foster a flat, collaborative work environment. Provide ongoing exposure to interesting and challenging work
TOTAL REMUNERATION	BENEFITS	Be a market leader in indirect awards in a way that adds meaningful value to employees' personal and professional lives
TOTAL DIRECT PAY	EQUITY	Provide all employees with an ownership stake in the company's future performance, AND "meaningful" future value at grant
TOTAL CASH	BONUS	Above-market highly leveraged short-term cash incentives that reward individual contributions rather than tenure or roles
	BASE	Competitive base salaries

1606.6

GOOG-HIGH TECH-00036292

Total Renumeration Value Proposition

Google aims to be very competitive on total reward – most people experience a change in pay mix, resulting in larger total remuneration packages

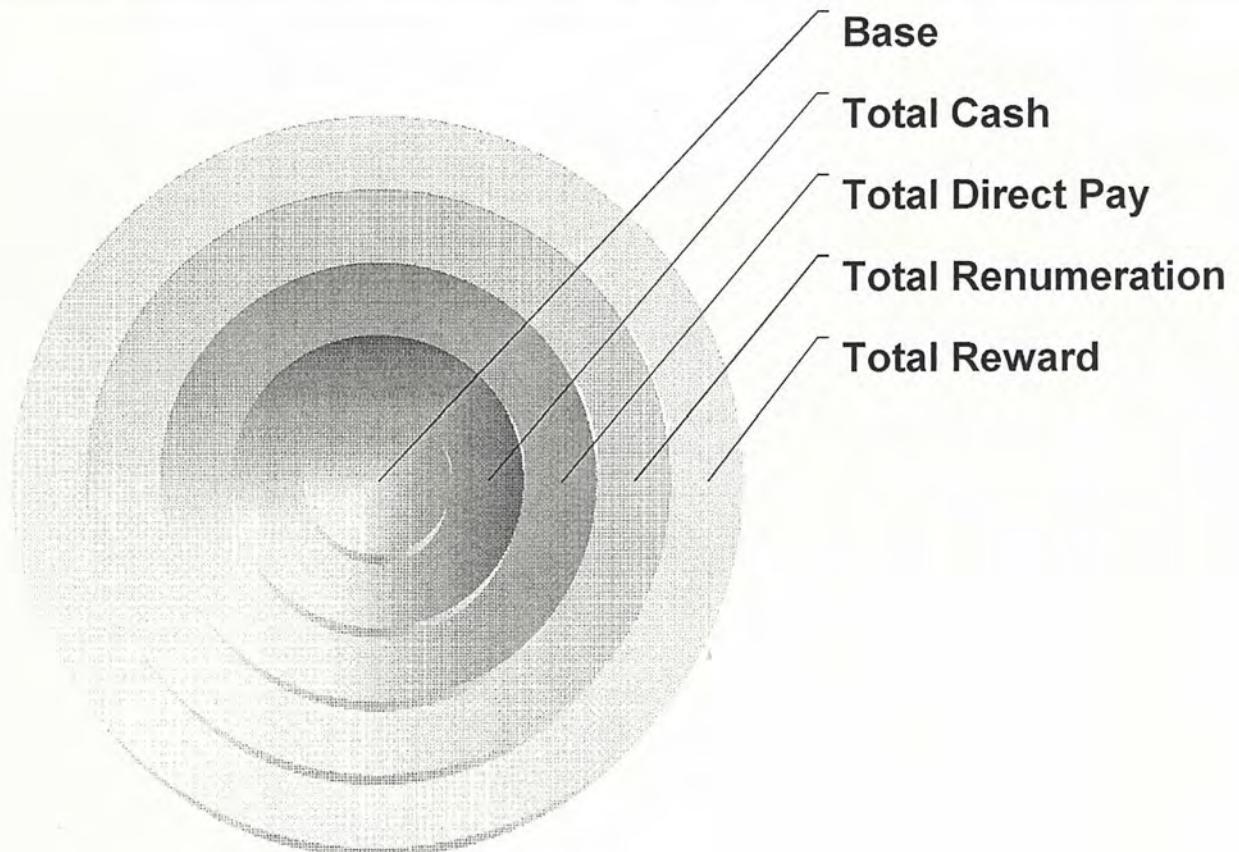
	REWARD ELEMENT	OBJECTIVE
TOTAL REWARD	WORK CONTENT, ENVIRONMENT & CULTURE	Build one of the most intelligent, highly motivated groups of employees in the world and foster a flat, collaborative work environment. Provide ongoing exposure to interesting and challenging work
TOTAL REMUNERATION	BENEFITS	Be a market leader in indirect awards in a way that adds meaningful value to employees' personal and professional lives
TOTAL DIRECT PAY	EQUITY	Provide all employees with an ownership stake in the company's future performance, AND "meaningful" future value at grant
TOTAL CASH	BONUS	Above-market highly leveraged short-term cash incentives that reward individual contributions rather than tenure or roles
	BASE	Competitive base salaries

1606.7

GOOG-HIGH TECH-00036293

CONFIDENTIAL ATTORNEYS EYES ONLY

Go gle



Google Confidential and Proprietary

1606.8

GOOG-HIGH TECH-00036294

CONFIDENTIAL ATTORNEYS EYES ONLY

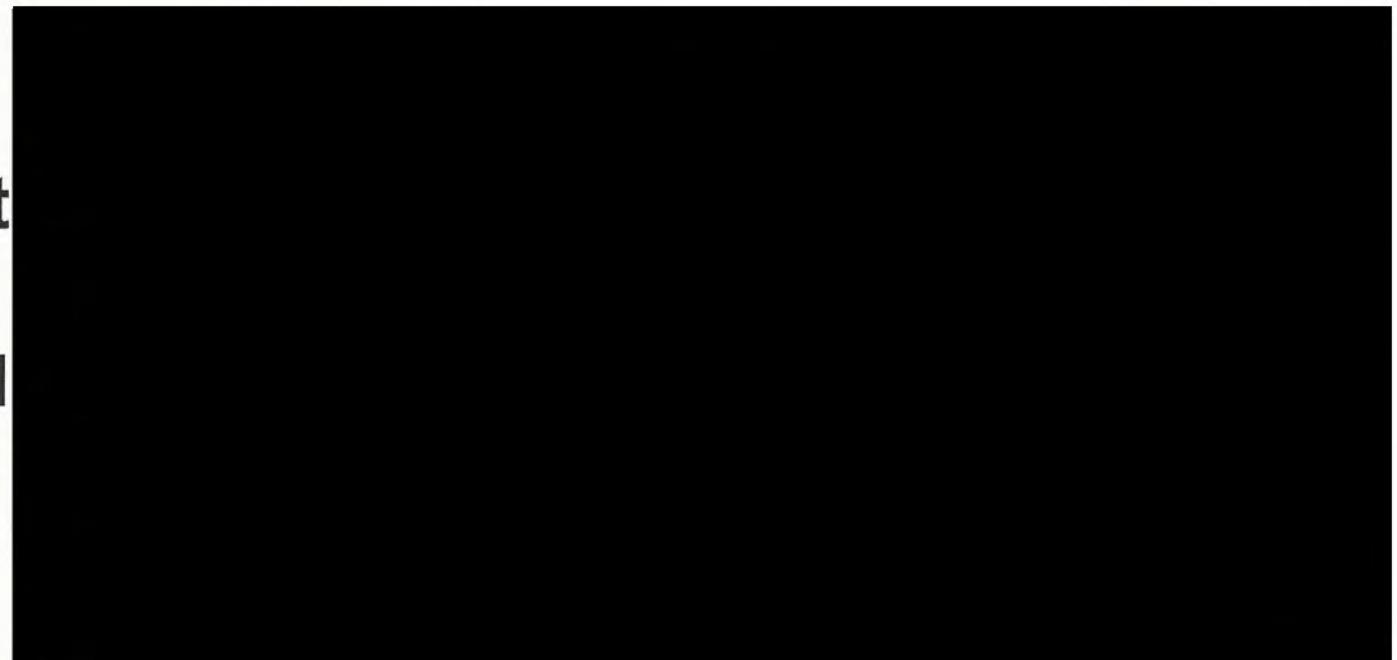
How do we think about total direct compensation?

Google

Total Compensation = Salary + Bonus + Stock

Target

Actual
upside



1601.9

GOOG-HIGH TECH-00036295

Google Confidential and Proprietary

Compensation Components

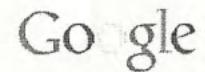
Setting a Base Salary



Google Confidential and Proprietary

CONFIDENTIAL ATTORNEYS EYES ONLY

Compensation Components



- Base Salary
 - Benchmarking
 - Leveling
 - Proposing a Base
- Bonus Programs
 - Company Bonus Program
 - Sales Incentive Program
- Long Term Incentives
 - Stock Options
 - Google Stock Units (GSUs)
- Sign-on Bonus and Relocation

lbel

GOOG-HIGH TECH-00036297

Benchmarking Overview

Google

What is Google's intended position relative to market (non-sales)?

[REDACTED] for each element of pay - base salary, incentive and equity compensation

How do we measure the market?

- [REDACTED]

[REDACTED]

[REDACTED]

I [REDACTED]

How do we compare jobs to the market?

- [REDACTED]

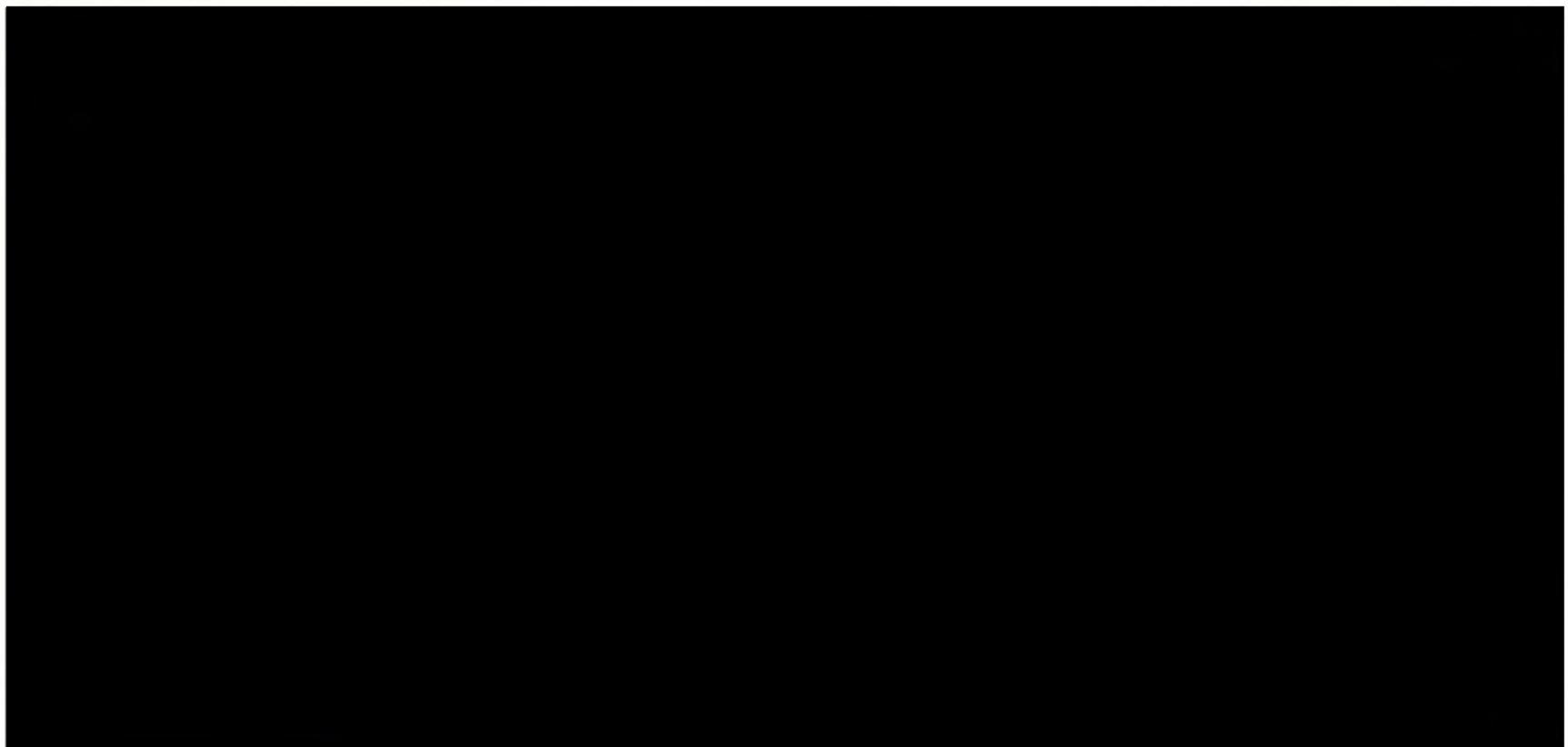
[REDACTED]

[REDACTED]

CONFIDENTIAL ATTORNEYS EYES ONLY

Benchmarking Process

Google



| 606.13

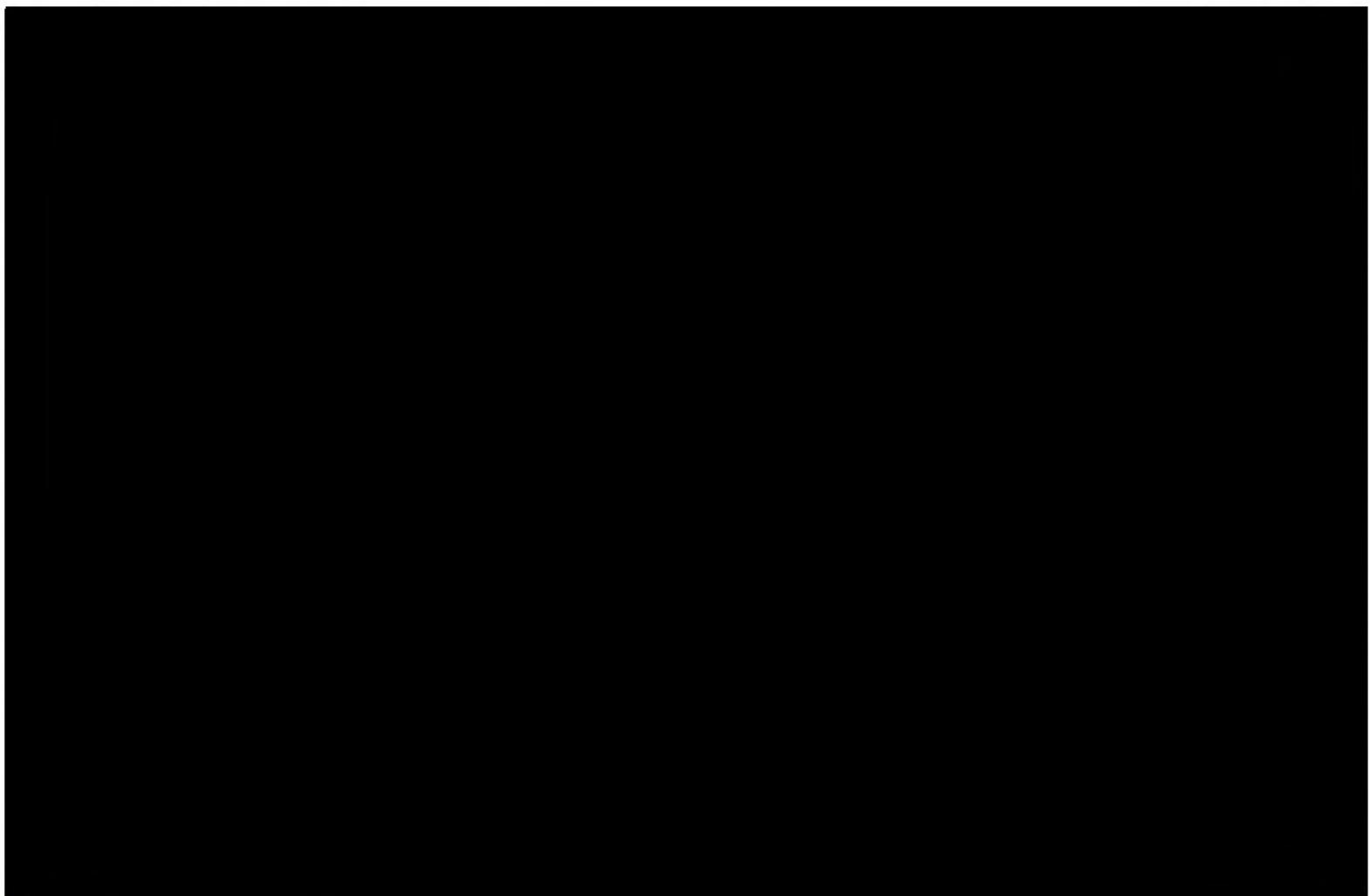
GOOG-HIGH TECH-00036299

Google Confidential and Proprietary

CONFIDENTIAL ATTORNEYS EYES ONLY

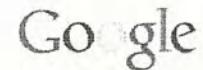
Benchmarking Philosophy

Google



GOOG-HIGH TECH-00036300
11/11/14

Leveling



When leveling a job Google aims to be internally consistent and externally competitive. Google levels jobs, not people.

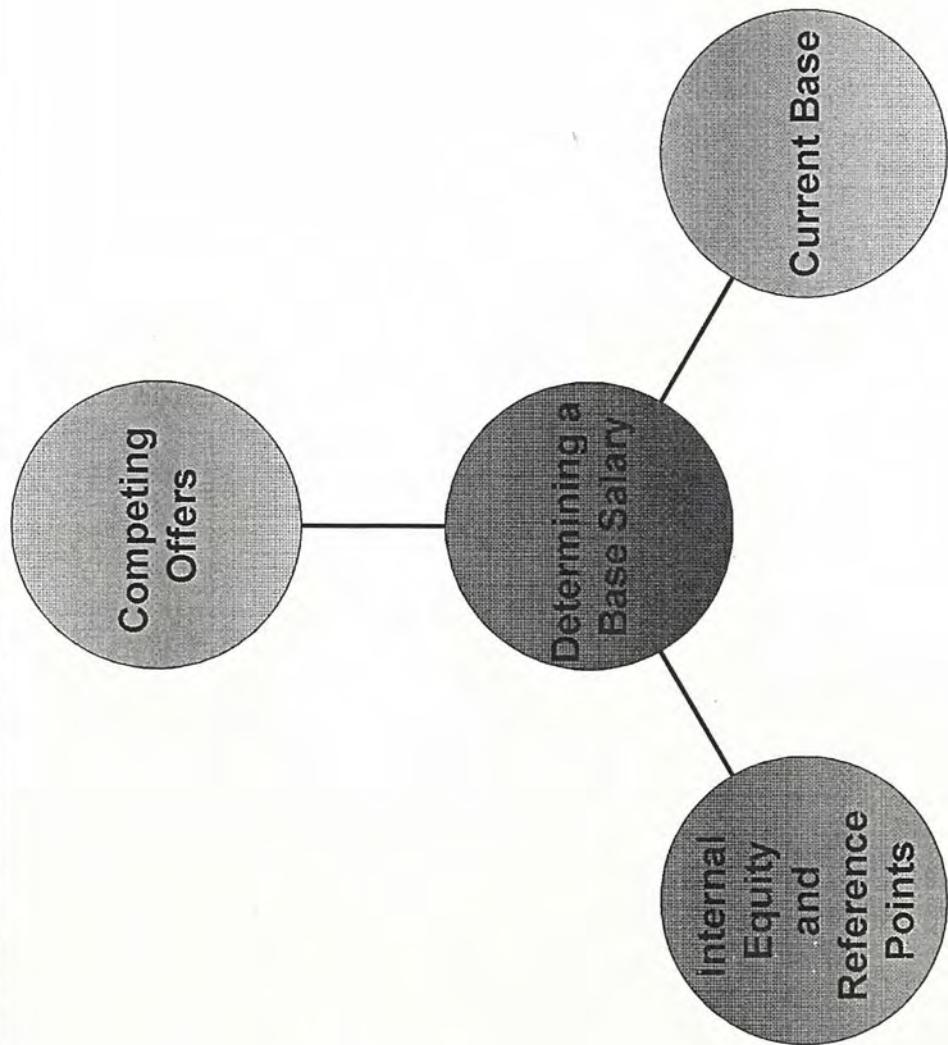
- Factors
 - Specialized Skills or Knowledge
 - Education/Experience
- Recruiter works with Hiring Manager to determine level --
Comp Team advises
- Slotting
 - Process of assigning a Noogler to a *final* job level, after at least three months tenure at Google. This helps ensure that the job level to which the employee is assigned best matches actual job performance.

1606.15

GOOG-HIGH TECH-00036301

Base Salary

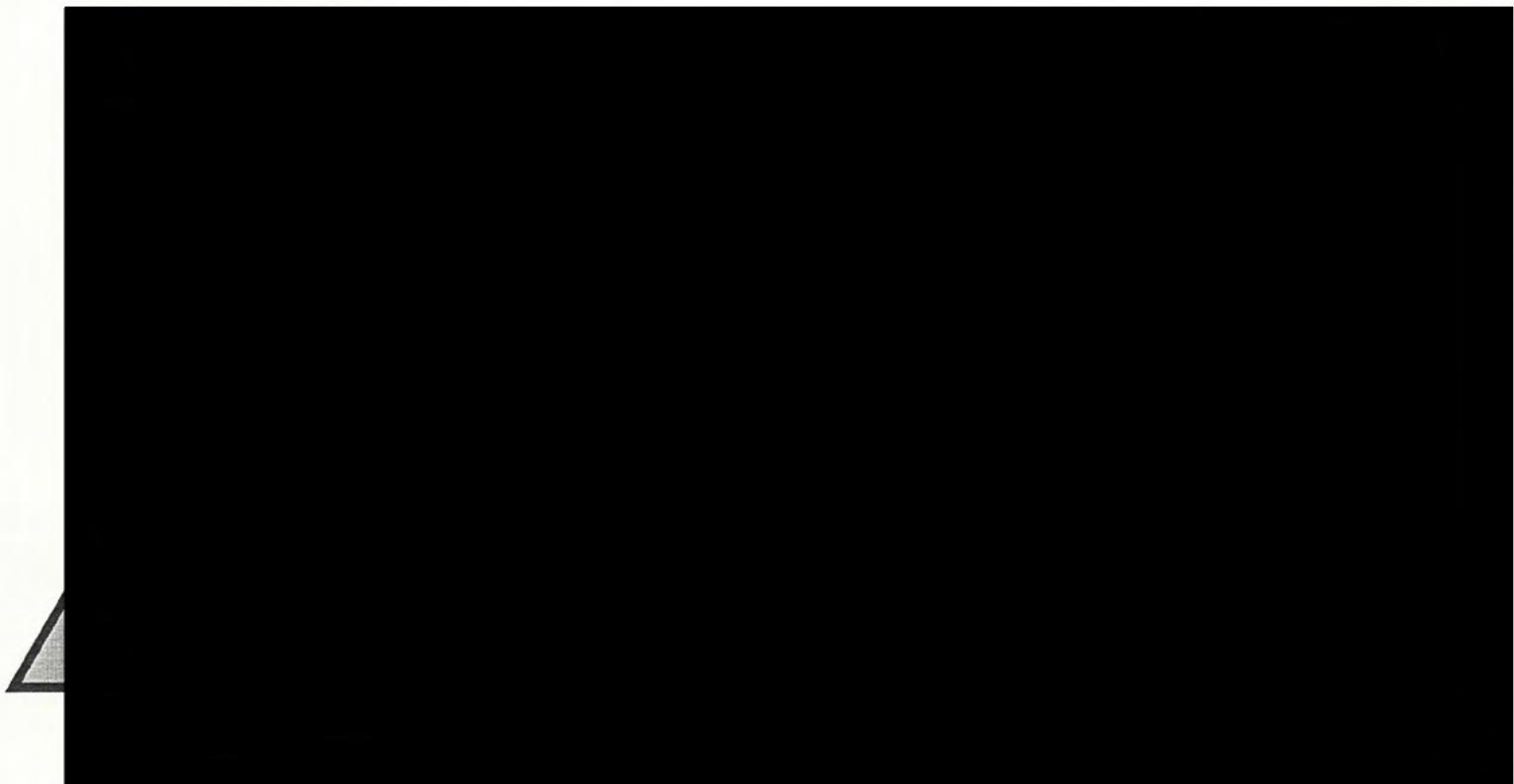
Google



Google Confidential and Proprietary

Google

Compling an Offer



Google Confidential and Proprietary

CONFIDENTIAL ATTORNEYS EYES ONLY

1606.17

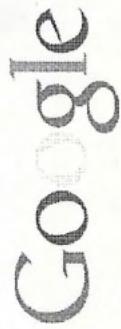
GOOG-HIGH TECH-00036303

Process for leveling brand new job?

Go gle

Compensation Components

Bonus Programs



Google Confidential and Proprietary

CONFIDENTIAL ATTORNEYS EYES ONLY

Company Bonus Program

Google

On the
Company
Bonus
Program

On Sales
Incentive
Program

1606.20

GOOG-HIGH TECH-00036306

CONFIDENTIAL ATTORNEYS EYES ONLY

Company Bonus Program

Google

Google offers above-market target cash incentives and an opportunity to earn
[REDACTED] [REDACTED]



160.21

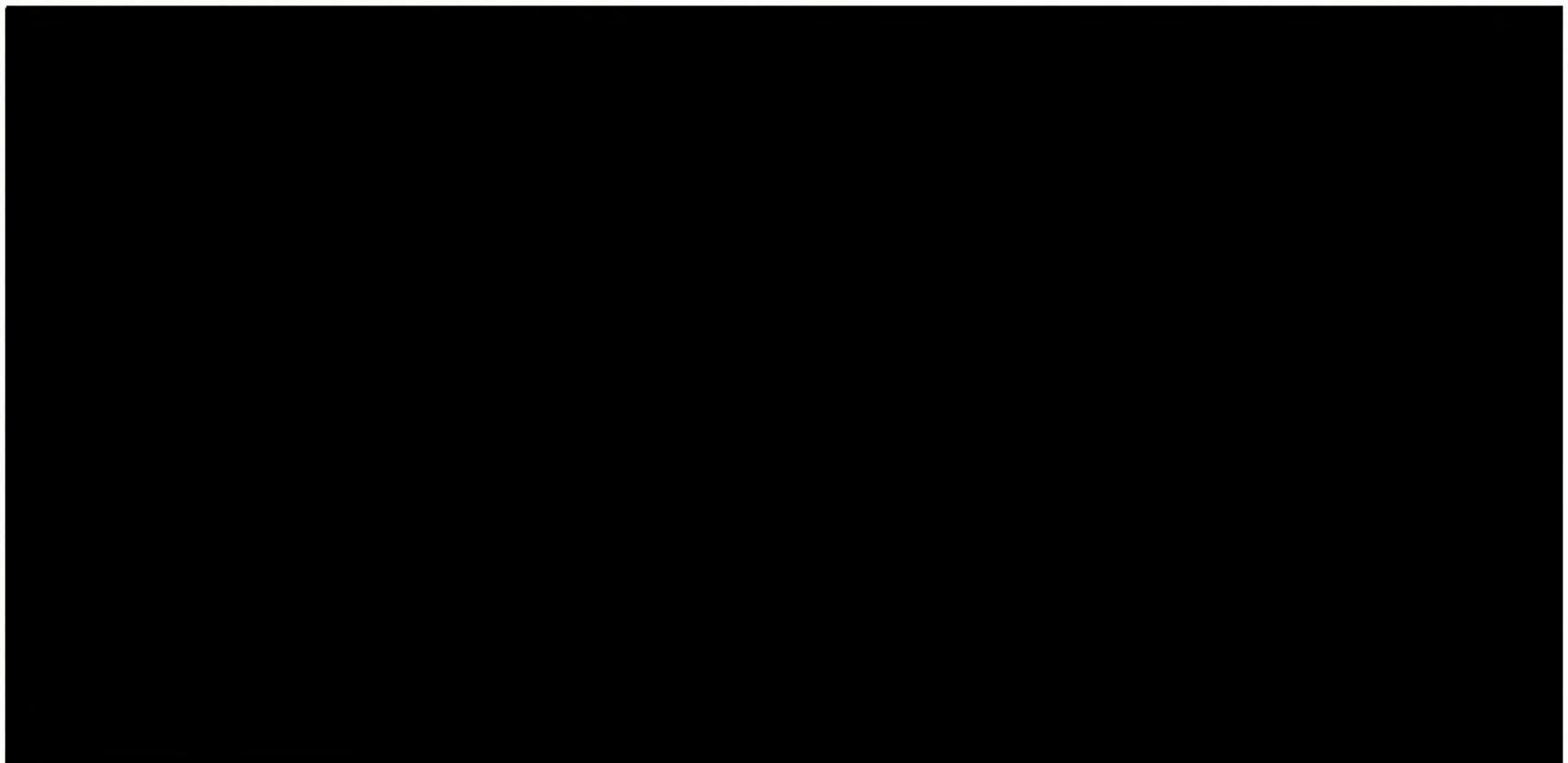
GOOG-HIGH TECH-00036307

Google Confidential and Proprietary

CONFIDENTIAL ATTORNEYS EYES ONLY

Company Bonus Program

Digitized by Google



1606.22

GOOG-HIGH TECH-00036308

Google Confidential and Proprietary

CONFIDENTIAL ATTORNEYS EYES ONLY

Annual Review

Google

- Salary Review

- Takes place in November
- Opportunity for increase is based on performance and current pay relative to desired market position for role.

- Annual Bonus

- Bonus calculation decisions made in February
- Paid out in March
- Based on Performance
 - OKRs
 - Metrics
 - Calibration scores

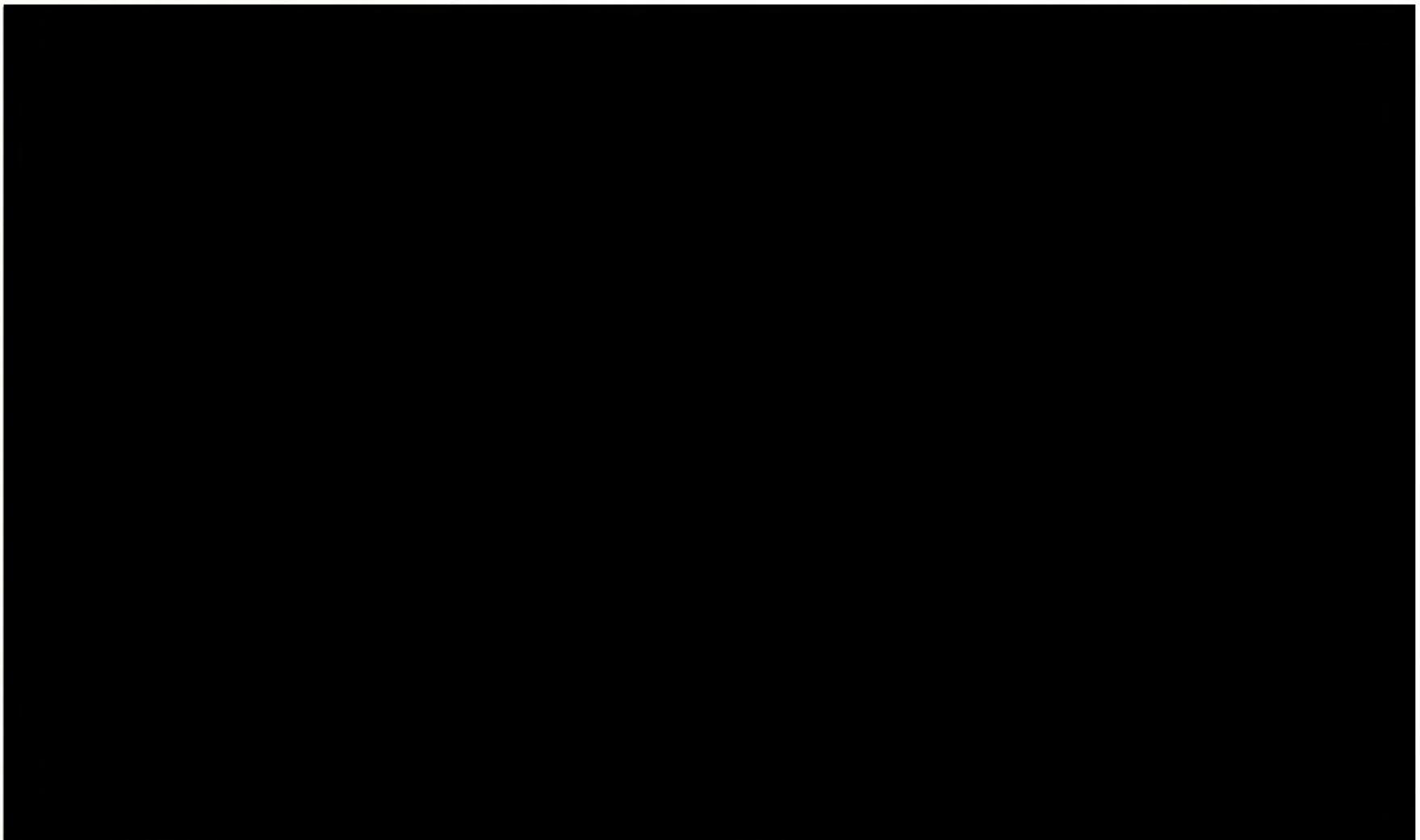
1606.23

GOOG-HIGH TECH-00036309

CONFIDENTIAL ATTORNEYS EYES ONLY

Company Bonus Payout

Google



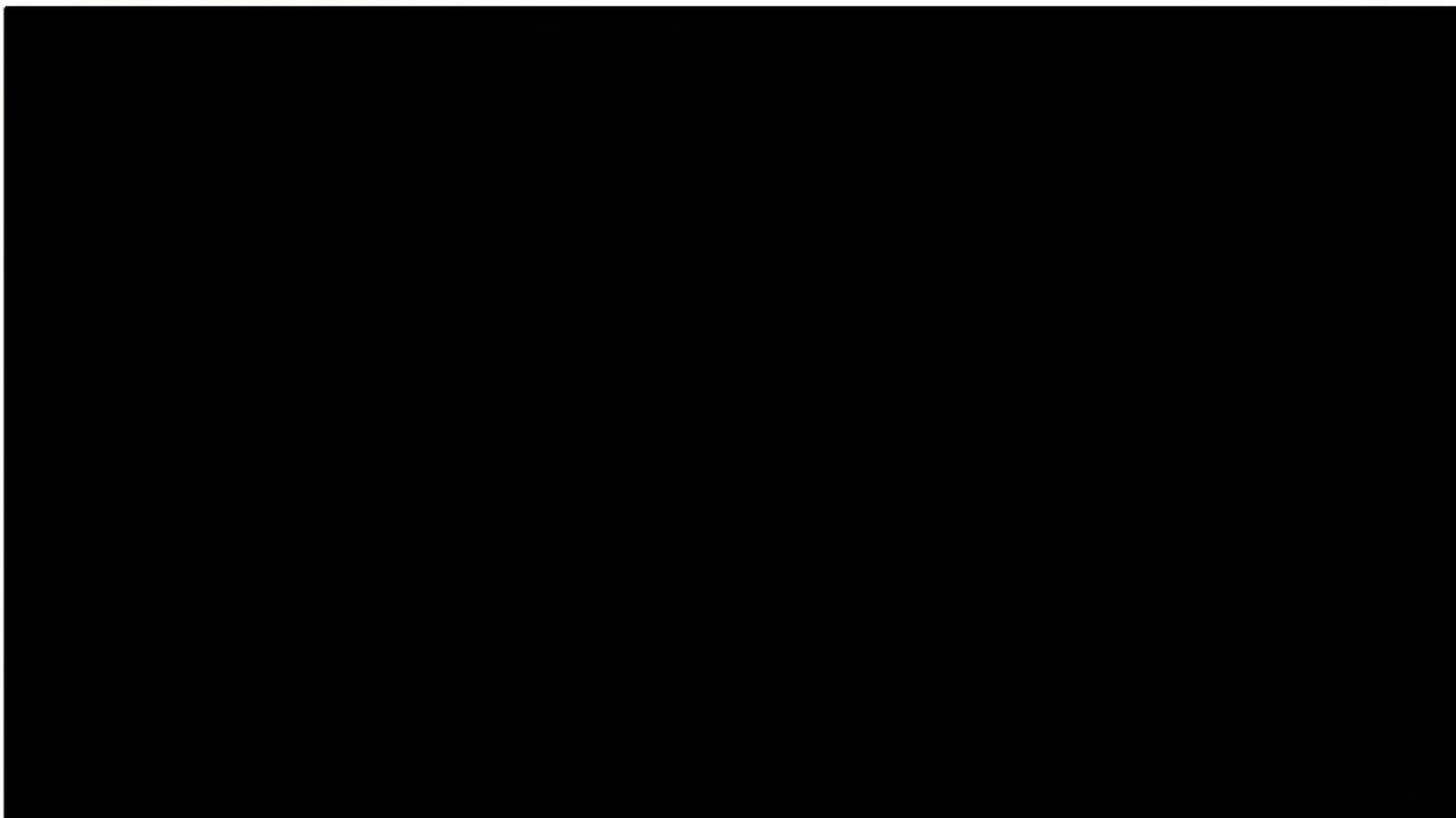
1100.24

GOOG-HIGH TECH-00036310

CONFIDENTIAL ATTORNEYS EYES ONLY

Sales Incentive Program

Google



160L.2S

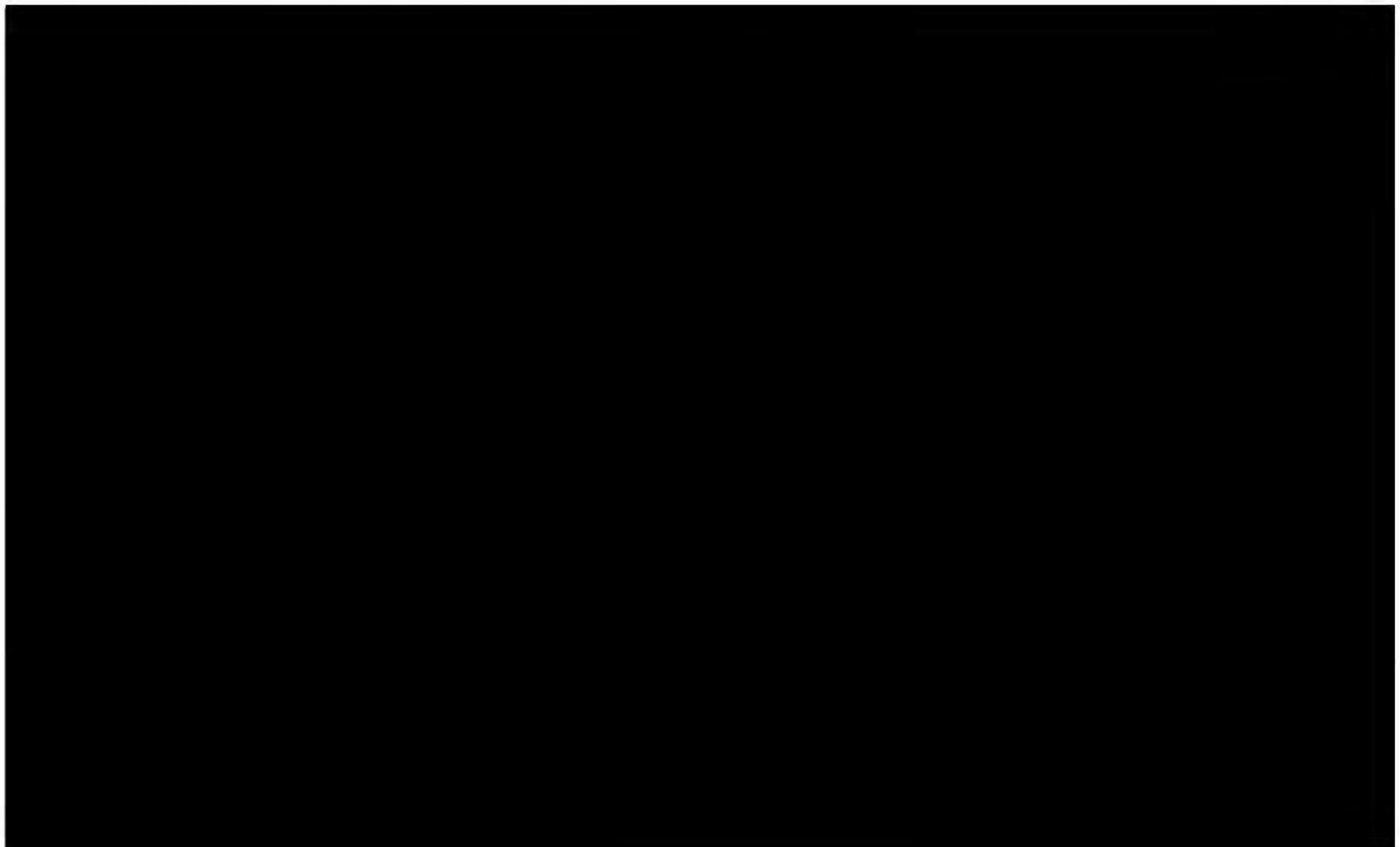
GOOG-HIGH TECH-00036311

Google Confidential and Proprietary

CONFIDENTIAL ATTORNEYS EYES ONLY

Sales Incentive Program

Go gle

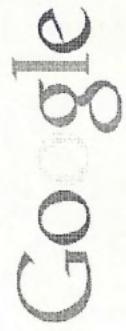


191.191.191.191

GOOG-HIGH TECH-00036312

Compensation Components

Long Term Incentives



Google Confidential and Proprietary

Stock Options Overview

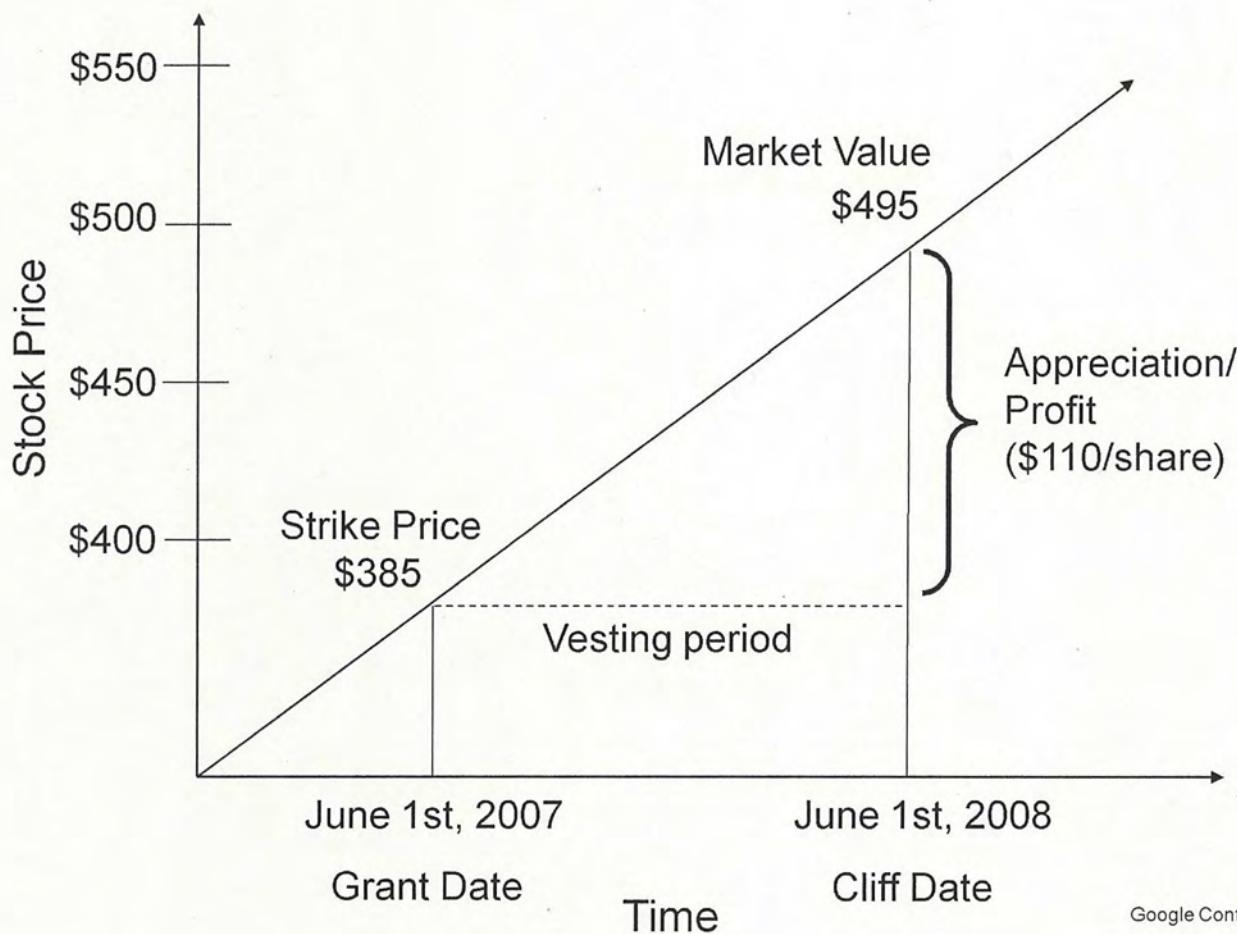
Google

- A stock option is a securities contract that gives the holder (the “Optionee”) the right to purchase a set number of shares of the Company’s Common Stock at a fixed price (the “strike price”).
- There are two primary kinds of stock options:
 - Non-statutory stock option (NSO)
 - Restricted Stock Option (RSO)
- The **strike price**, or exercise price is based on the value of the stock on the day the option was granted.
- You don’t own any stock until you exercise your Stock Options, which means that you have purchased the shares.

CONFIDENTIAL ATTORNEYS EYES ONLY

Glossary

Google



Google Confidential and Proprietary

1606.29

GOOG-HIGH TECH-00036315

Stock Options vs. GSUs

Google

Stock Options

- Vest over a four year schedule
 - 1 year cliff before 25% vest
 - Remaining shares vest at 1/48 of grant per month
- Holder **only** realizes a gain if the stock increases in value
- Awards based on level, location, and EMG grade.

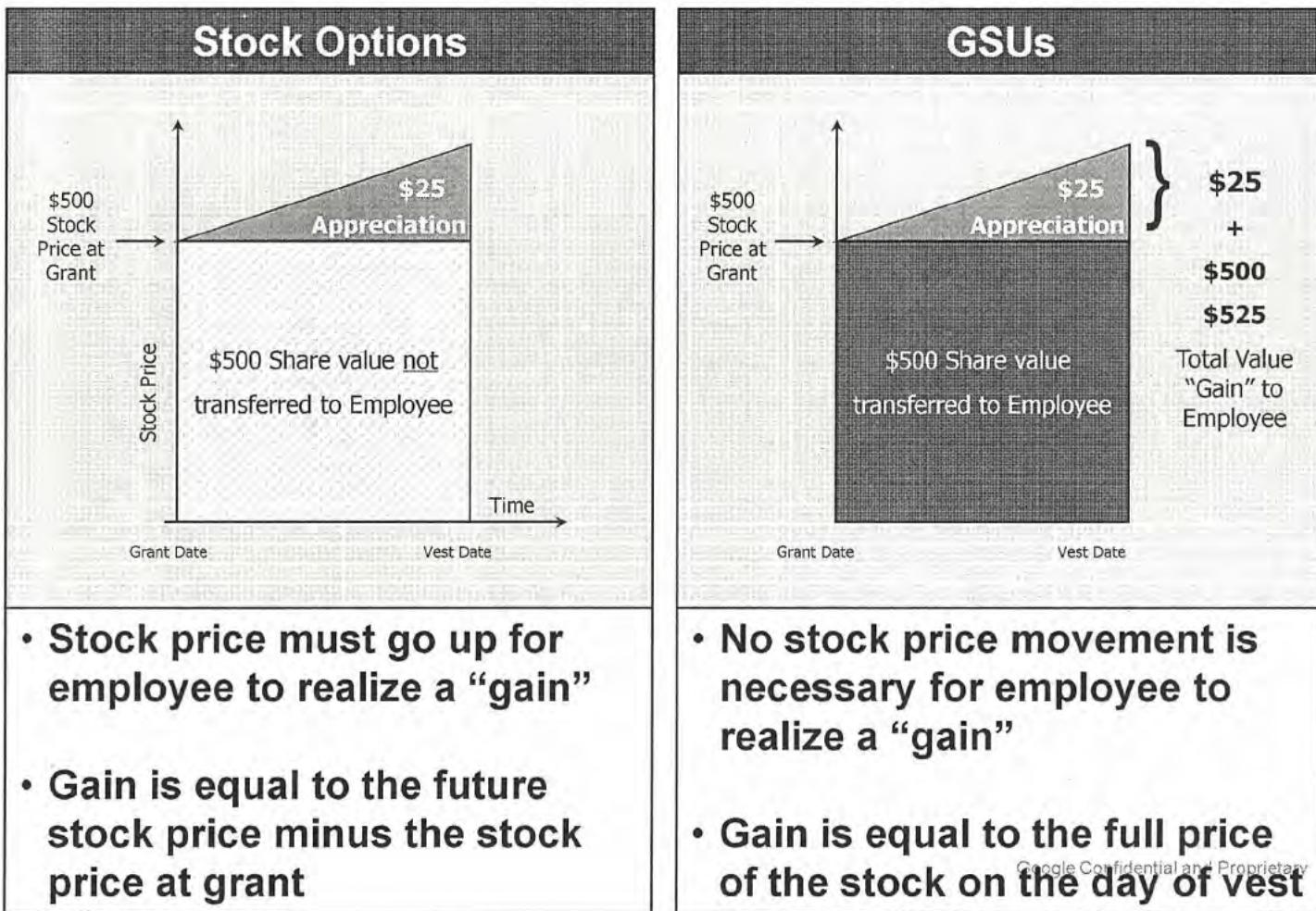
GSUs

- Vest over a four year schedule
 - 1 year cliff before 25% vest
 - Remaining shares vest at 25% per year
- Holder receives the full value of the stock regardless of whether stock increases or decreases in value
- Awards based on level, location, and EMG grade.

CONFIDENTIAL ATTORNEYS EYES ONLY

Stock Options vs. GSUs

Go gle



Stock Options vs. GSUs

What about US tax treatment?

Stock Options	<ul style="list-style-type: none"> Gain to the employee is taxed as ordinary income <u>when the options are exercised</u> Upon sale of acquired shares, any further appreciation is taxed at applicable capital gains rates 								
GSUs	<ul style="list-style-type: none"> Gain to the employee (i.e., full share value + appreciation/depreciation) is taxed as ordinary income <u>when the units vest</u> <ul style="list-style-type: none"> Shares are granted net of tax withholding as shown: <table style="width: 100%; text-align: center;"> <tr> <th>Total GSUs Vested</th> <th>Gross Shares Granted</th> <th>Employee Income Taxes Withheld</th> <th>Final Shares Acquired</th> </tr> <tr> <td>25 GSUs</td> <td>25 Class A Google Shares</td> <td>- $(11 \text{ Class A Google Shares} \text{ (Rate} = 42.93\%))$</td> <td>14 Class A Google Shares</td> </tr> </table> Upon sale of acquired shares, any further appreciation is taxed at applicable capital gains rates 	Total GSUs Vested	Gross Shares Granted	Employee Income Taxes Withheld	Final Shares Acquired	25 GSUs	25 Class A Google Shares	- $(11 \text{ Class A Google Shares} \text{ (Rate} = 42.93\%))$	14 Class A Google Shares
Total GSUs Vested	Gross Shares Granted	Employee Income Taxes Withheld	Final Shares Acquired						
25 GSUs	25 Class A Google Shares	- $(11 \text{ Class A Google Shares} \text{ (Rate} = 42.93\%))$	14 Class A Google Shares						

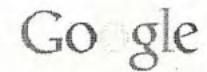
Note: Tax treatment varies by country

... however, Google cannot offer tax advice and managers should direct candidates to their own tax advisors

Google Confidential and Proprietary

CONFIDENTIAL ATTORNEYS EYES ONLY

Stock Options vs. GSUs



Google's new hire grants will be a combination of both stock options and GSUs

[REDACTED]

[REDACTED]

[REDACTED]

|

[REDACTED]

[REDACTED]

"

Note that programs may vary by country

Google Confidential and Proprietary

JULY-33

GOOG-HIGH TECH-00036319

CONFIDENTIAL ATTORNEYS EYES ONLY

New Hire Grant Program

Go gle



Assumes annual exercise/settlement of vested gain.

Don't let candidates get caught in the trap of comparing number of options/units alone!

Candidates should consider growth scenarios and compare offers on that basis

- We have provided recruiters with a modeling tool to facilitate these comparisons
- Candidates must make their OWN growth assumptions; Google cannot offer guidance on probable growth rates for any company

Google Confidential and Proprietary

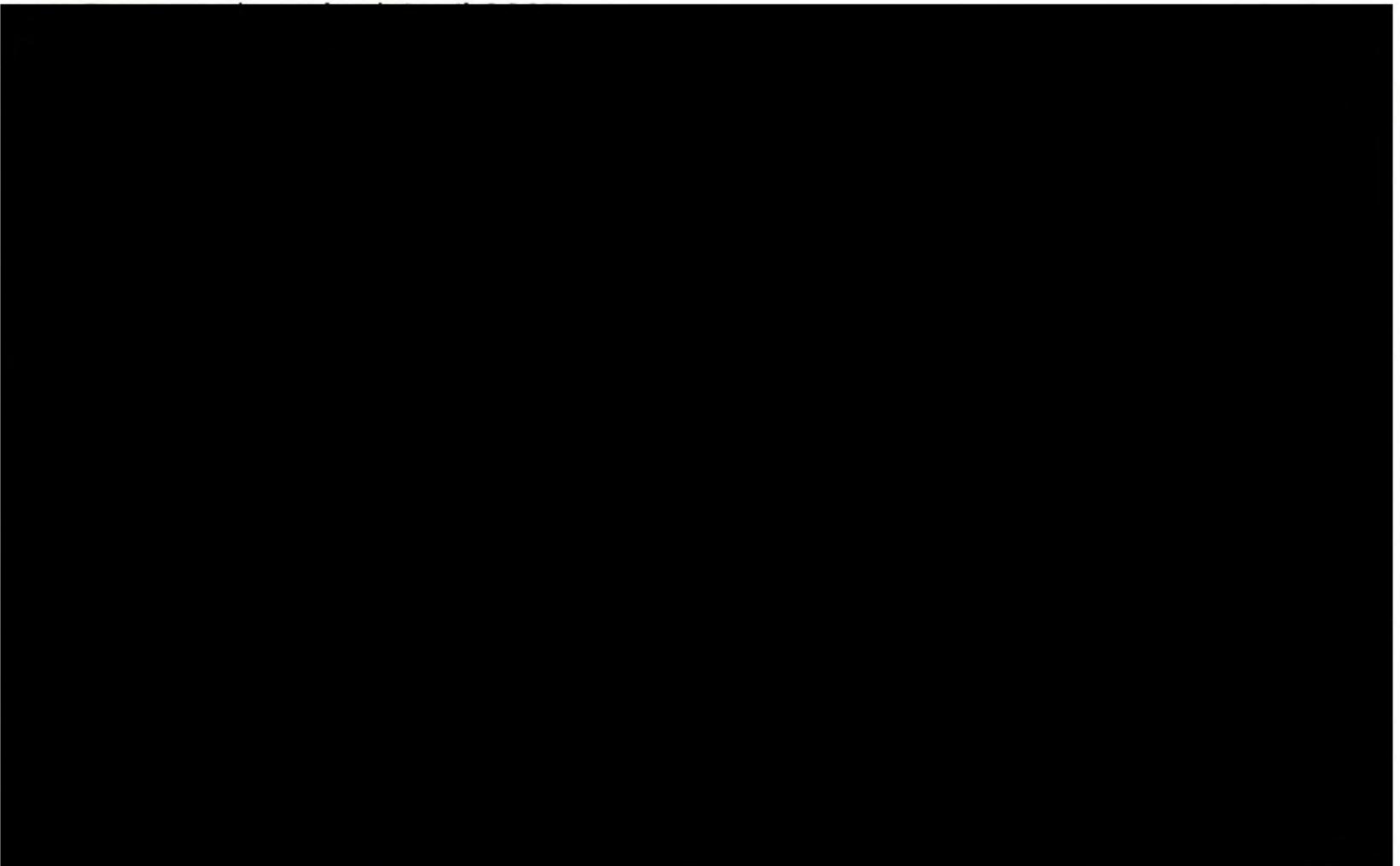
16Dle.37

GOOG-HIGH TECH-00036320

CONFIDENTIAL ATTORNEYS EYES ONLY

Transferable Stock Option (TSO) Program

Google



GOOG-HIGH TECH-00036321
1606.35

CONFIDENTIAL ATTORNEYS EYES ONLY

TSO Program

Google

How are options valued?



Google Confidential and Proprietary

140L.3L

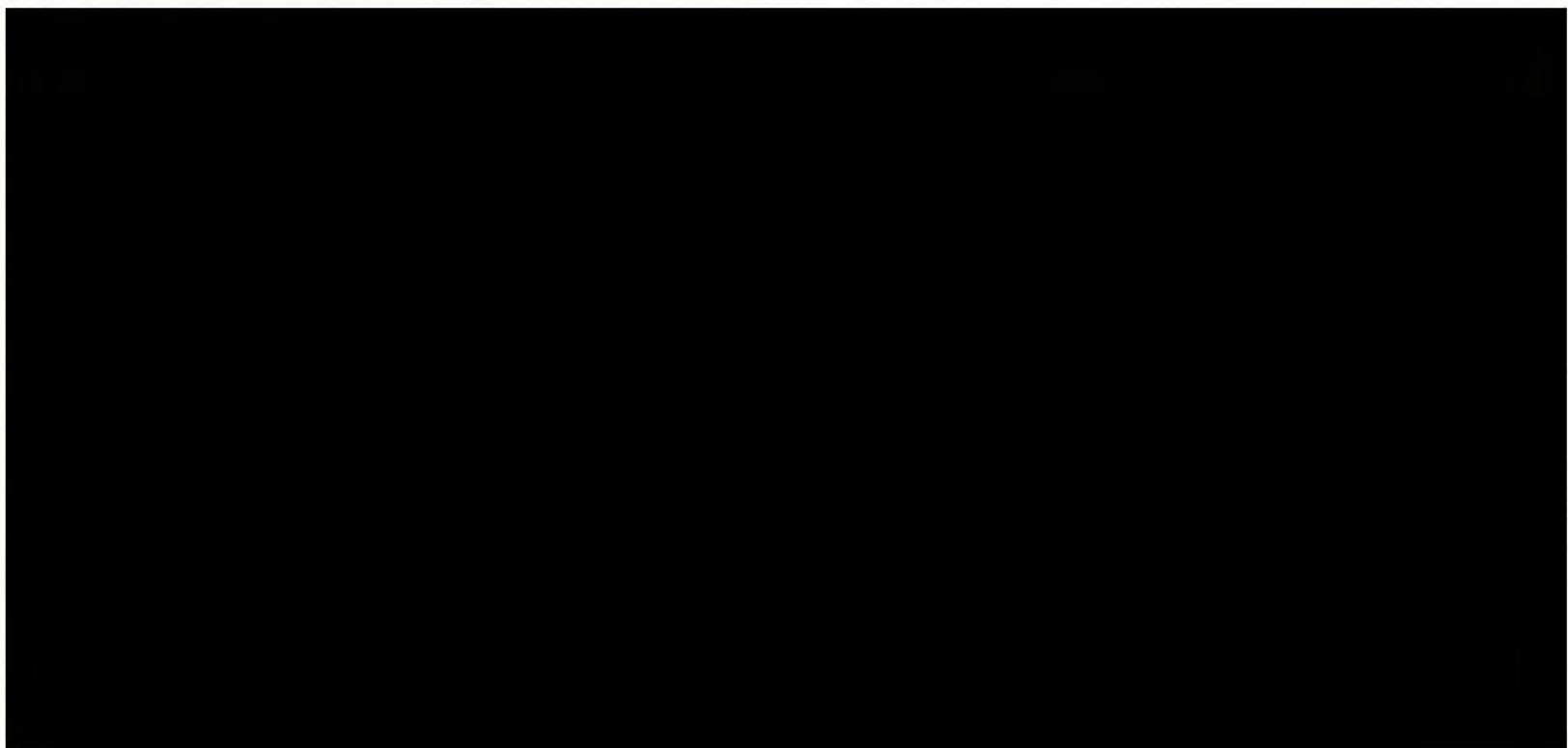
GOOG-HIGH TECH-00036322

CONFIDENTIAL ATTORNEYS EYES ONLY

TSOs

Go gle

How might TSO values look to employees?



Google Confidential and Proprietary

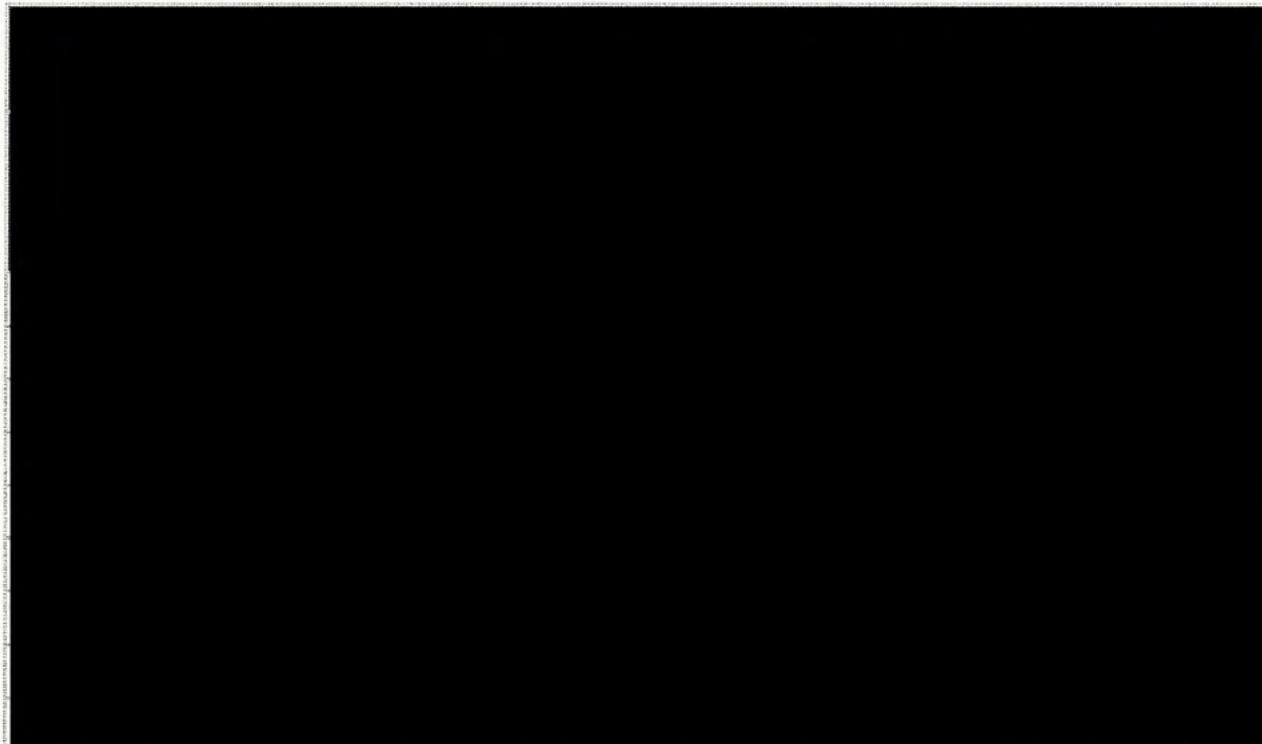
GOOG-HIGH TECH-00036323
160L. 37

CONFIDENTIAL ATTORNEYS EYES ONLY

TSO Program

Google

How much are TSO's selling for?



Google Confidential and Proprietary

1606.38

GOOG-HIGH TECH-00036324

CONFIDENTIAL ATTORNEYS EYES ONLY

TSO Example

Google



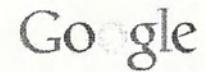
1606.39

GOOG-HIGH TECH-00036325

[REDACTED] Confidential and Proprietary

CONFIDENTIAL ATTORNEYS EYES ONLY

TSO Resources



MOMA: Frequently Asked Questions

Video: TSO Video

Blog: TSO Blog

Marketwatch: Examples

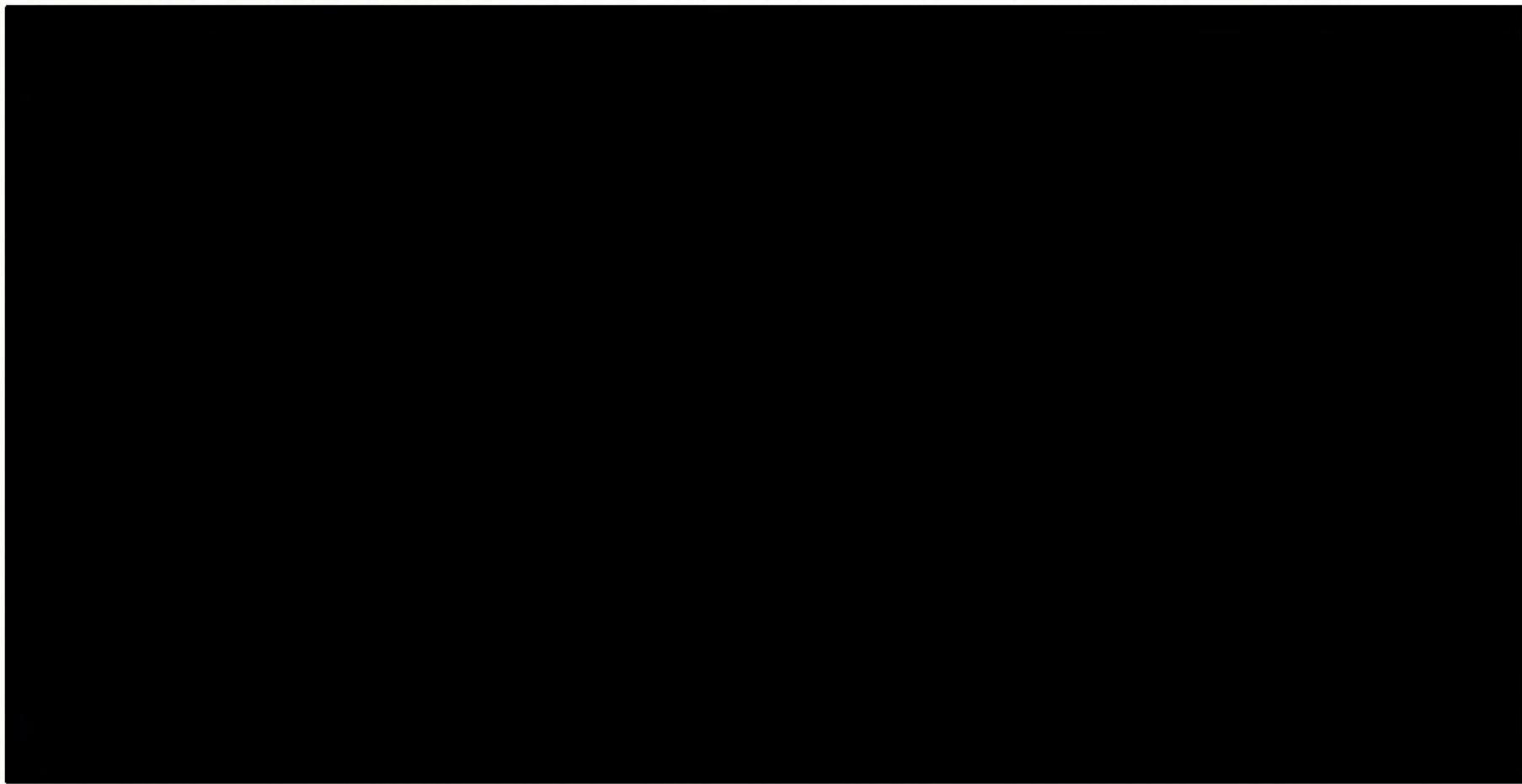
1606.4D

GOOG-HIGH TECH-00036326

CONFIDENTIAL ATTORNEYS EYES ONLY

Refresher Grants Overview

Google



1606.41

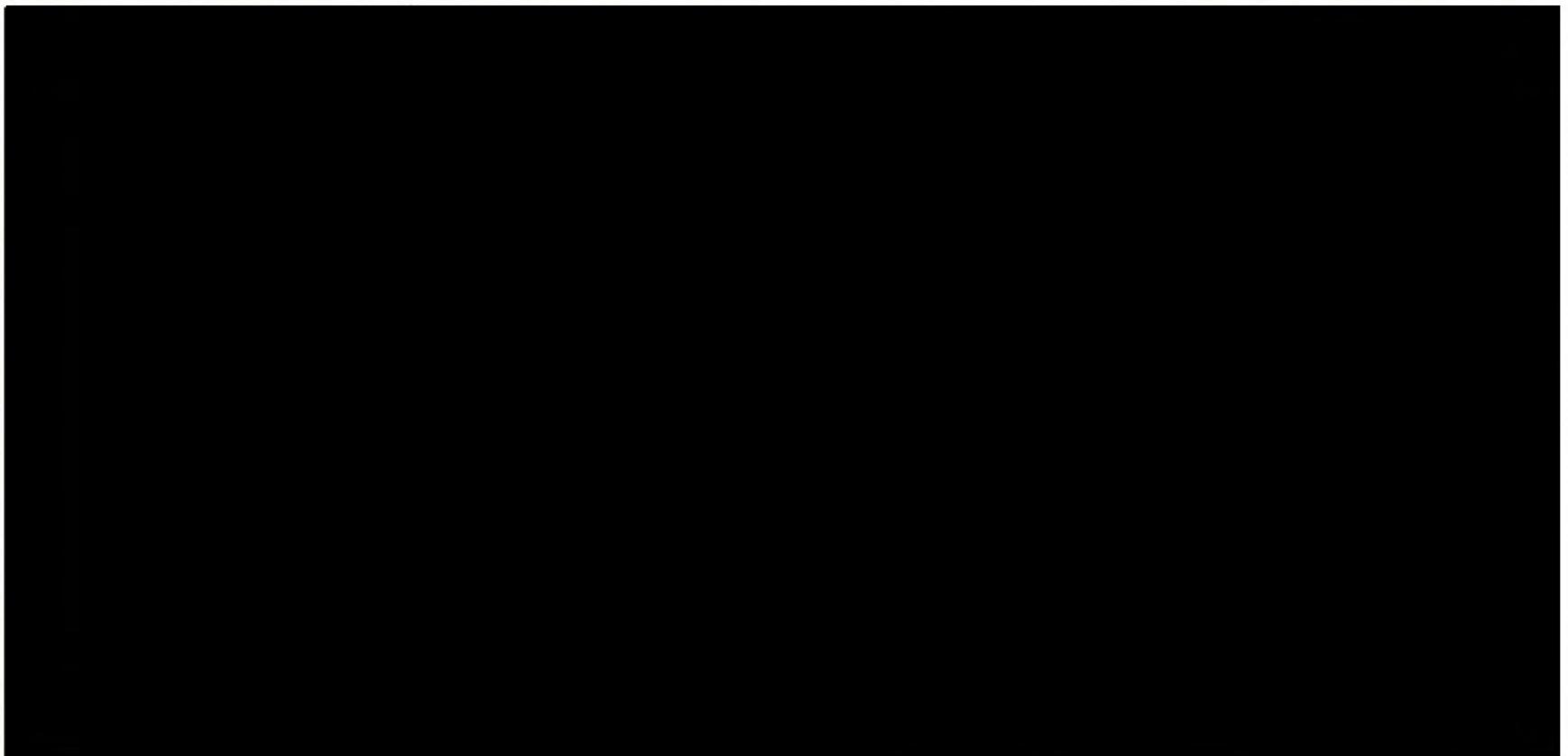
GOOG-HIGH TECH-00036327

Google Confidential and Proprietary

CONFIDENTIAL ATTORNEYS EYES ONLY

Determining Refresher Grant Payouts

Google

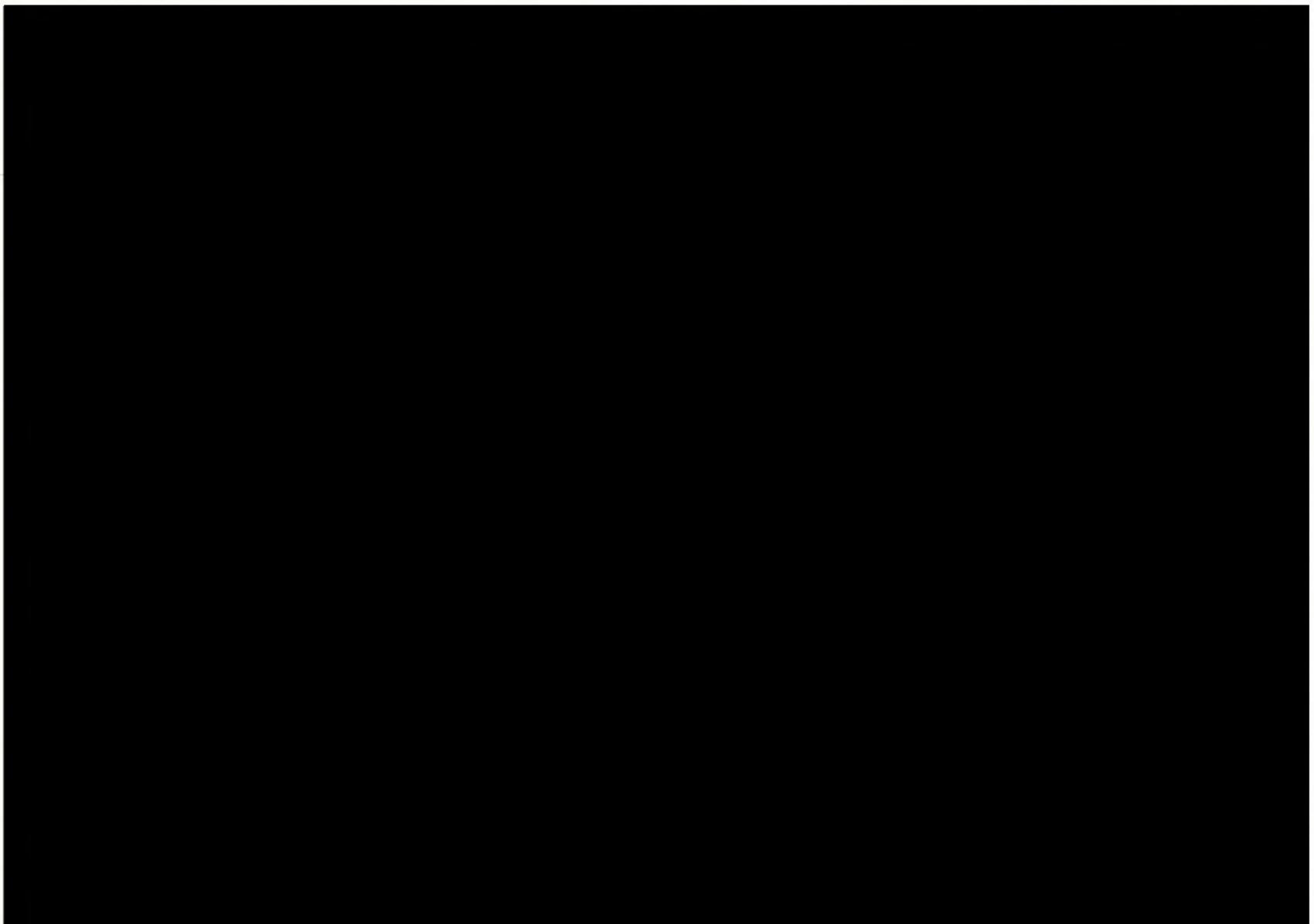


1606.42

GOOG-HIGH TECH-00036328

Google Confidential and Proprietary

CONFIDENTIAL ATTORNEYS EYES ONLY



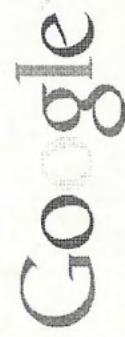
Google Confidential and Proprietary

160L, 43

GOOG-HIGH TECH-00036329

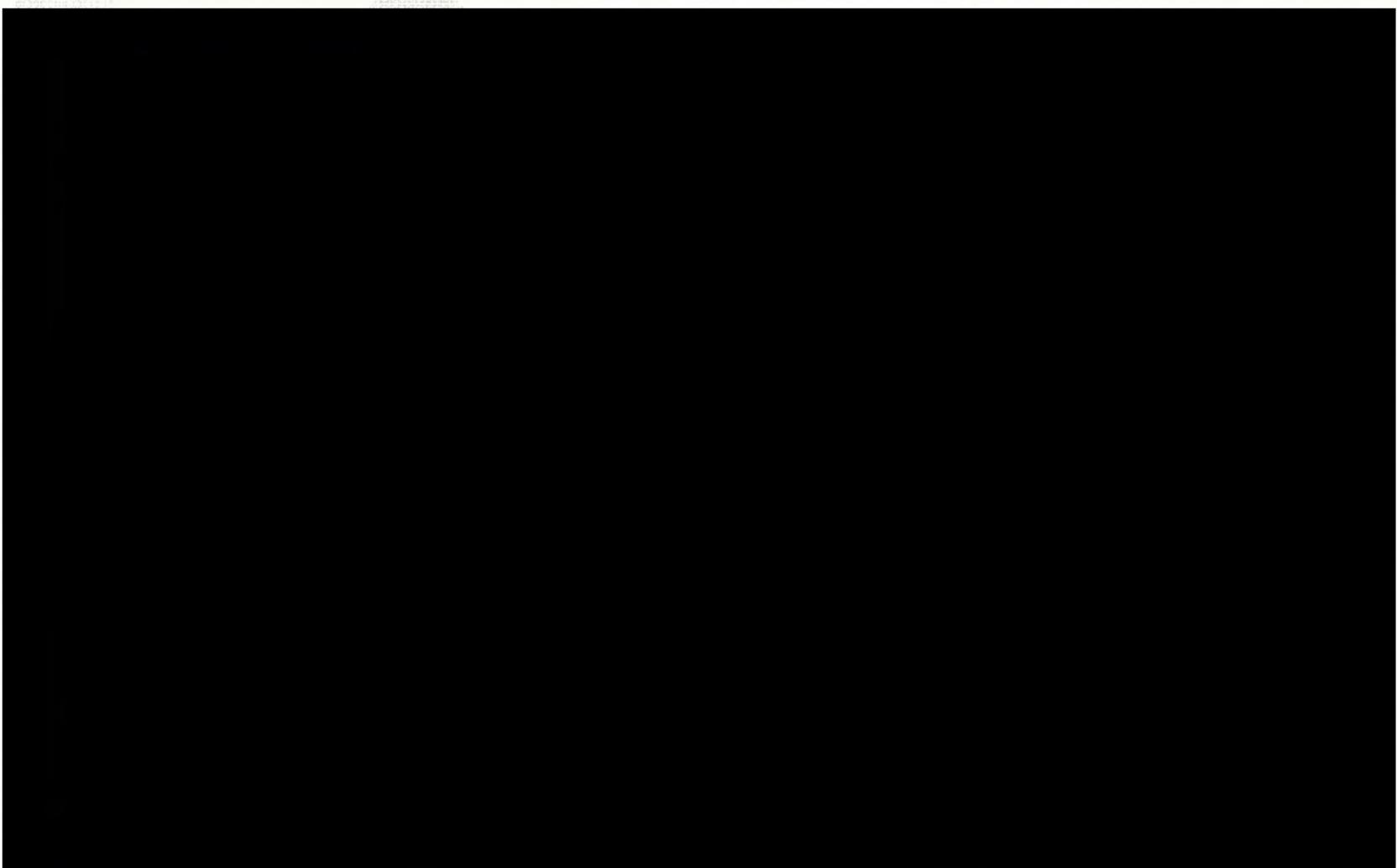
Compensation Components

Sign-on Bonus and Relocation



Google Confidential and Proprietary

CONFIDENTIAL ATTORNEYS EYES ONLY



1606.45

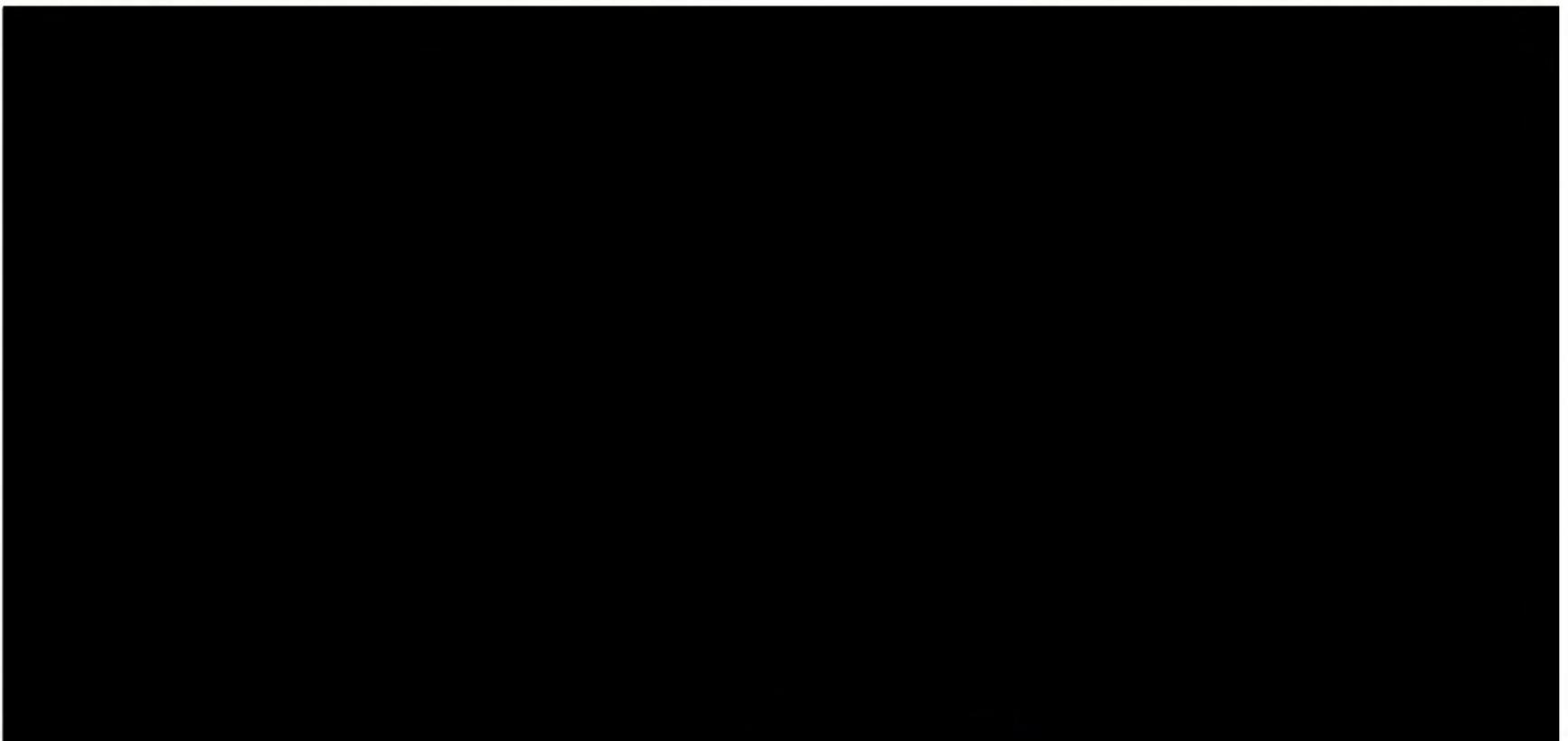
GOOG-HIGH TECH-00036331

Google Confidential and Proprietary

CONFIDENTIAL ATTORNEYS EYES ONLY

Relocation Packages (U.S)

Google



**** Plan should be noted in OWF ****

Google Confidential and Proprietary

1606.46

GOOG-HIGH TECH-00036332

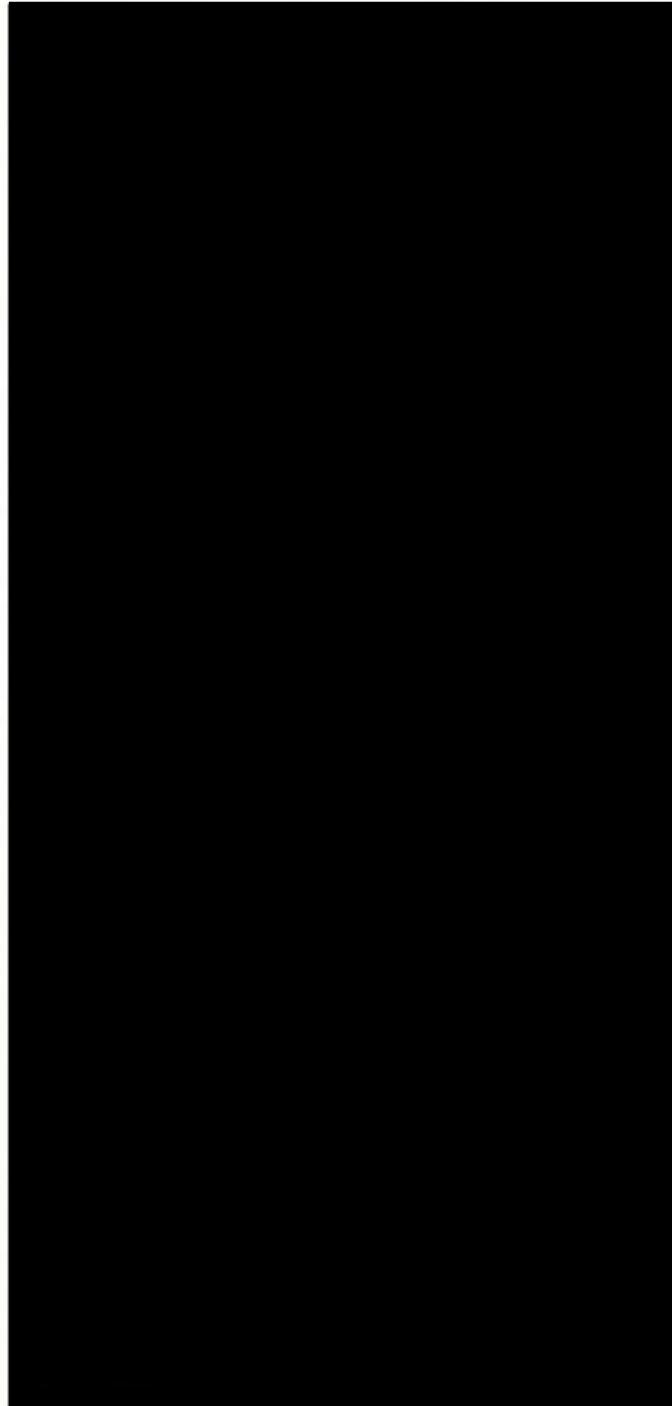


Google Confidential and Proprietary

Compling an Offer

Google

Process



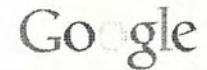
Google Confidential and Proprietary

CONFIDENTIAL ATTORNEYS EYES ONLY

GOOG-HIGH TECH-00036334

1606.48

Example/Scenario – Creating an offer



- Tommy Candidate

- B.S and M.S. from Stanford University in Computer Science
- 3 years experience at IBM
- Specialized in _____
- Current base salary is \$72,000
- Competing Offer

1604.19

GOOG-HIGH TECH-00036335

Example/Scenario – Selling an offer

Google

CONFIDENTIAL ATTORNEYS EYES ONLY

GOOG-HIGH TECH-00036336

1606.50

Google Confidential and Proprietary

Executive Review and Equity Changes

Google

CONFIDENTIAL ATTORNEYS EYES ONLY

GOOG-HIGH TECH-00036337

1606.51

Google Confidential and Proprietary

Roles and Responsibilities

Google

- Compensation Team's role

- Communicate offer parameters by level, role
- Establish a "Service Level Agreement" for offer turnaround and volume
- Train Lead Recruiters on Compensation design and offer process, and maintain training materials
- Comp offers for non-standard Jobs
- Be a consultant on challenging circumstances and questions
- Provide analytic work for variance from guidelines and quality assurance

- Lead Recruiter's role

- Responsible for training Recruiters and meeting guidelines
- Recruiter adherence to process, parameters and guidelines
- Point of contact for compensation communications

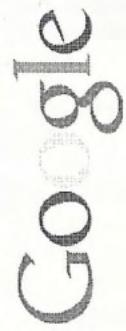
- Recruiter's role

- Understand offer process and systems
- Make offers by applying rules set by Compensation
- Understand Google's Compensation philosophy and practices
- Sell the offer: our value proposition is not solely compensation

1606, S2

GOOG-HIGH TECH-00036338

Miscellaneous



Google Confidential and Proprietary

CONFIDENTIAL ATTORNEYS EYES ONLY

GOOG-HIGH TECH-00036339

1606,53

CONFIDENTIAL ATTORNEYS EYES ONLY

International Compensation

Google

International Relocation



1/10/14

GOOG-HIGH TECH-00036340

Google Confidential and Proprietary

CONFIDENTIAL ATTORNEYS EYES ONLY

Candidate Renegotiation

Google

- “Candidate Request Revision” in OWF
- Work with Comp Analysts to propose new offer
-

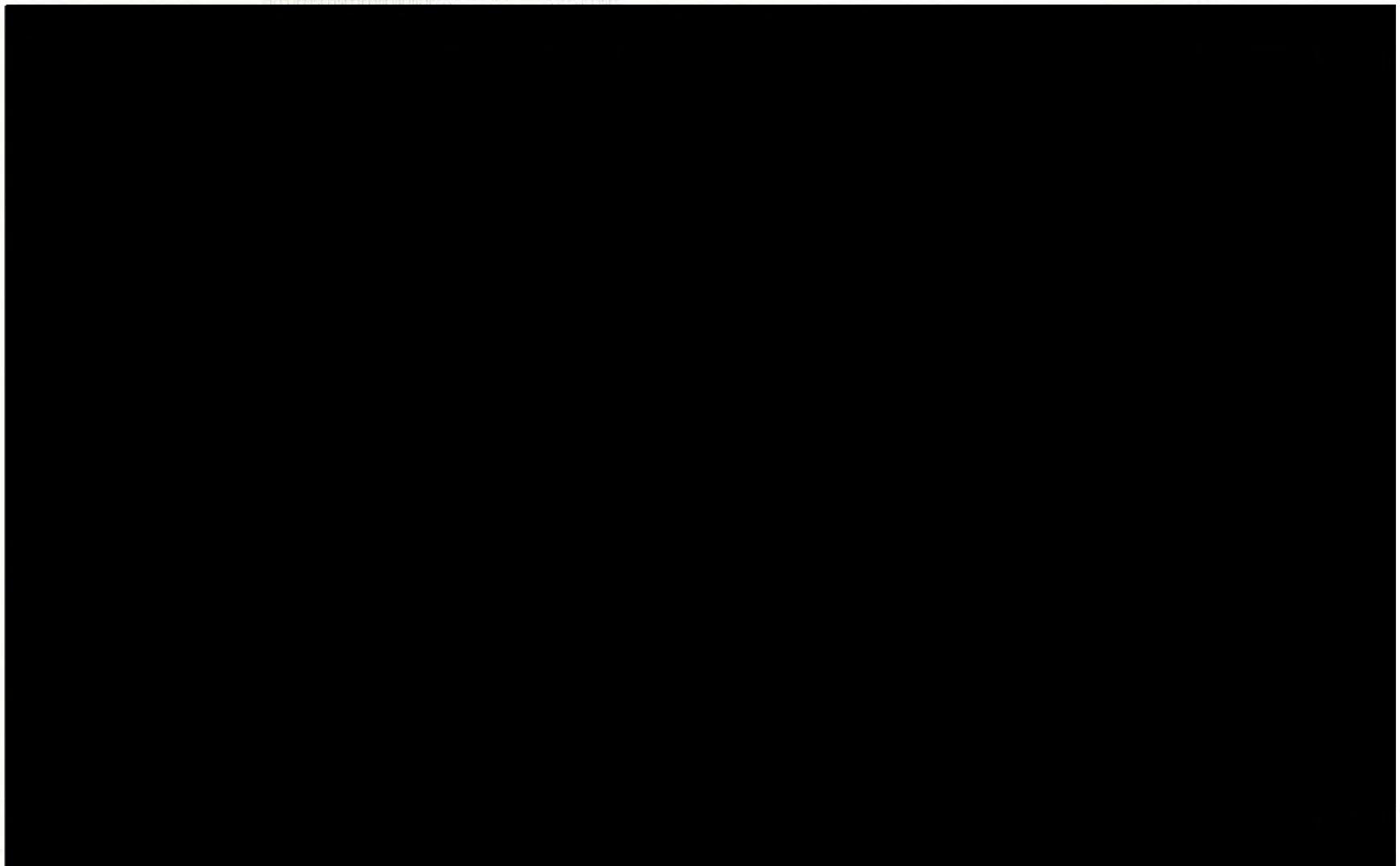
160k, SS

GOOG-HIGH TECH-00036341

CONFIDENTIAL ATTORNEYS EYES ONLY

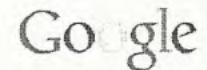
“Exploding” Offers and Offline Approvals

Google



CONFIDENTIAL ATTORNEYS EYES ONLY

Executive Candidates



Executive Candidates generally follow the same process as all other Googlers. However, there are some unique factors to consider:

A large rectangular area of the slide has been completely blacked out, obscuring several paragraphs of text that were likely present in the original document.

1604,57

GOOG-HIGH TECH 00033343

CONFIDENTIAL ATTORNEYS EYES ONLY

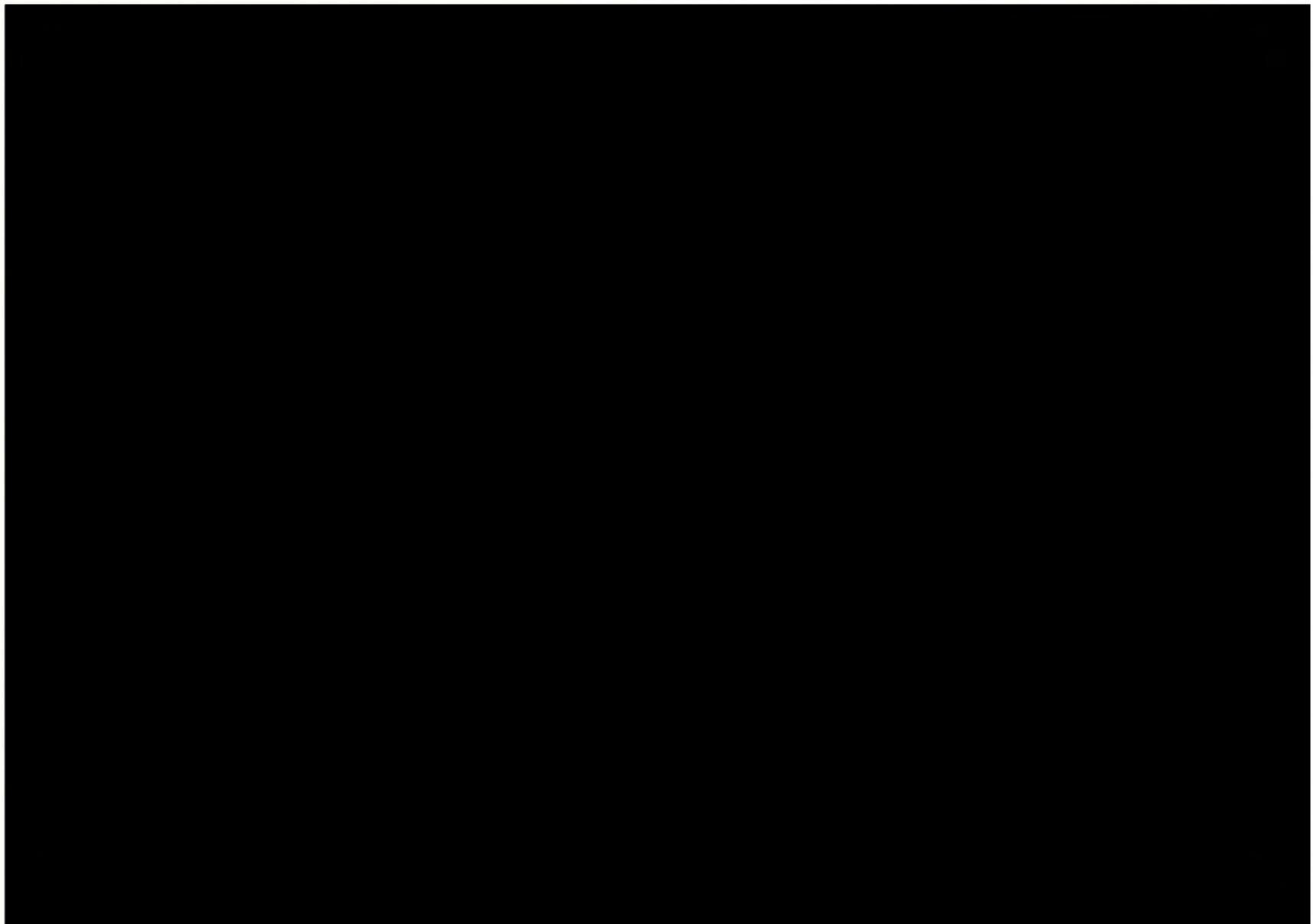
1600.58

GOOG-HIGH TECH-00036344

CONFIDENTIAL ATTORNEYS EYES ONLY

This image shows a document page with several large black rectangular redactions. At the top, there is a horizontal redaction bar spanning most of the width of the page. Below this, there are four vertical columns of text, each preceded by a short horizontal redaction bar. The first column contains two lines of text, the second contains three lines, the third contains two lines, and the fourth contains one line. Each of these four columns is followed by a long horizontal redaction bar that spans almost the full width of the page. The bottom portion of the page is also heavily redacted with a large black bar.

CONFIDENTIAL ATTORNEYS EYES ONLY



1604.60

GOOG-HIGH TECH-00036346

Candidate Objections and Rebuttals

Google

Google Confidential and Proprietary

CONFIDENTIAL ATTORNEYS EYES ONLY

Objection

Google

"I recognize that your overall package is great, but I can't afford to take this cut in my salary. I have certain ongoing expenses I need to meet NOW, and your bonuses and stock aren't payable until a year from now."

Recruiters meet in a group to discuss responses or discuss good vs. bad answer

/100,12

GOOG-HIGH TECH-00036348

Google Confidential and Proprietary

Objection

Google

"I know for a fact that my friends received a better base salary when they were hired. Why aren't I getting the same package?"

Go
gle

"I feel that there's some real risk involved in your bonus program considering the impact company performance has on payouts. I would prefer the security of a higher base salary"

Google Confidential and Proprietary

Go gle

"I'm taking a massive base pay and title cut. What kind of assurance can I have that this performance-based philosophy will really pay out?"

Google Confidential and Proprietary

CONFIDENTIAL ATTORNEYS EYES ONLY

Objection

Google

(for E2 --> N2 roles in US) "Why is this position non-exempt?
Please give more details on how it impacts my compensation
(e.g., how will my bonus work)."

1606.16

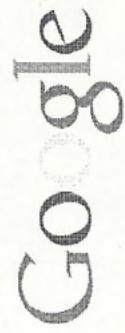
GOOG-HIGH TECH-00036352

Objection

Google

Cost of living changes?

Contacts



Google Confidential and Proprietary

CONFIDENTIAL ATTORNEYS EYES ONLY

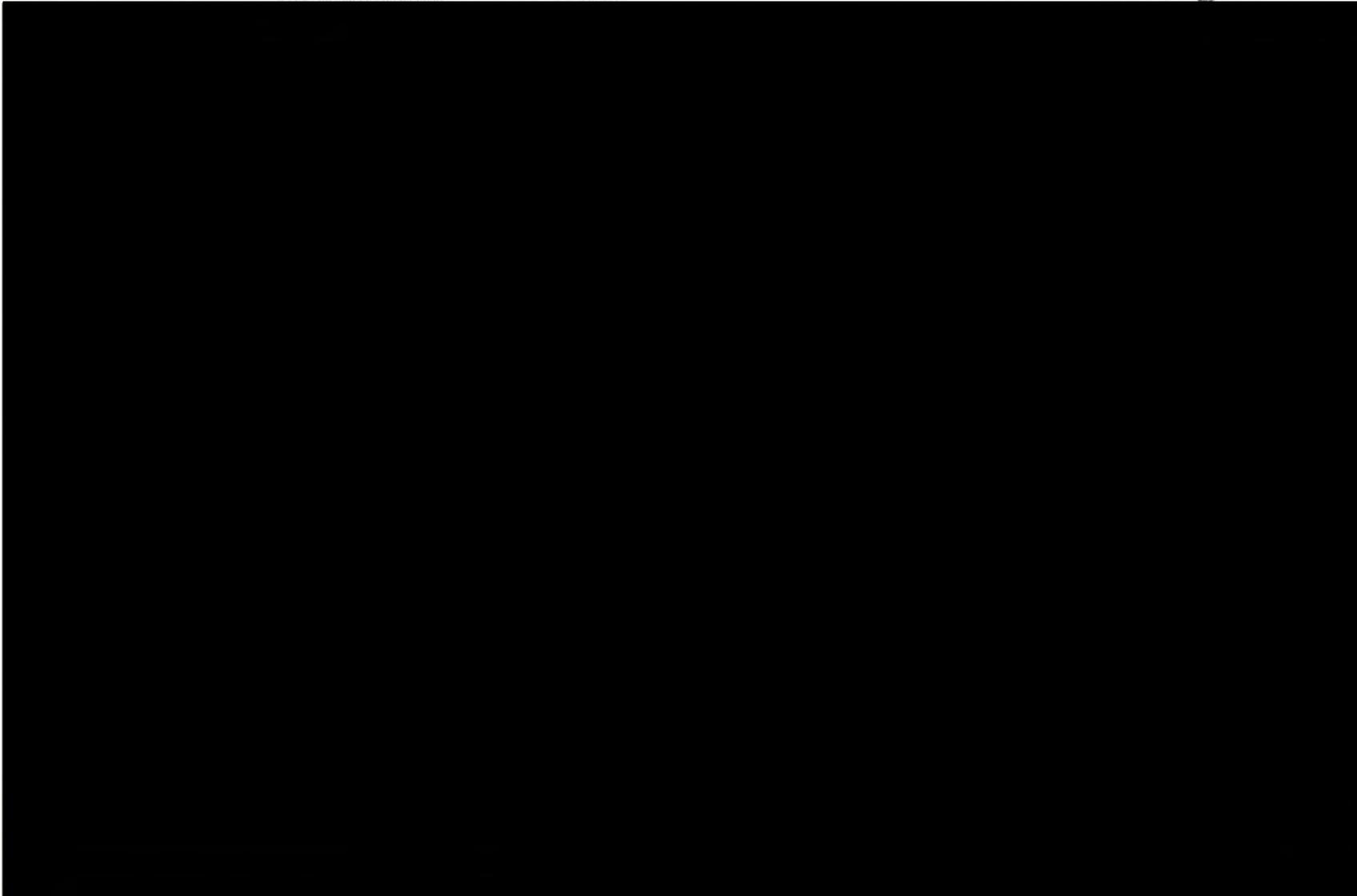
GOOG-HIGH TECH-00036354

1606.168

CONFIDENTIAL ATTORNEYS EYES ONLY

Who's Who?

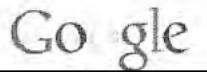
Google



GOOG-HIGH TECH-00036355
1606.69

CONFIDENTIAL ATTORNEYS EYES ONLY

Contacts

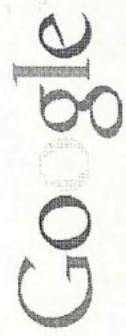


Region	Function/ region
US	Eng & Ops
US	Sales
US	PM, G&A
US	backup
US	backup
US	backup
EMEA	all
EMEA	backup
APAC	India, Singapore, Korea, Japan
APAC	backup for Barun
APAC	Greater China
APAC	Australia, New Zealand (Greater China backup)
LatAm	Sales
LatAm	Eng
	backup
LatAm	PSGA

1604.10

GOOG-HIGH TECH-00036356

Questions?

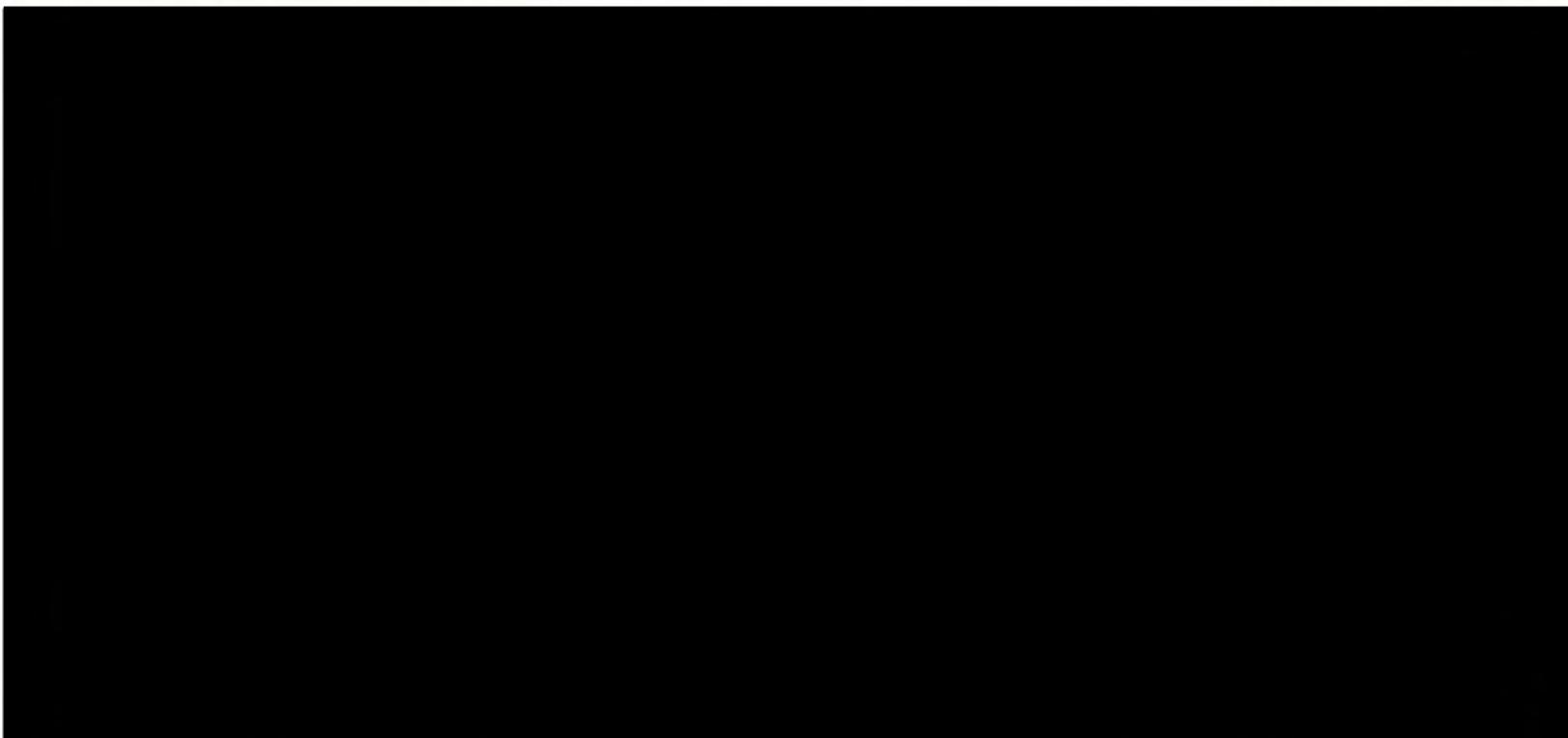


Google Confidential and Proprietary

CONFIDENTIAL ATTORNEYS EYES ONLY

Leveling: Add as notes to comp practice

Google



1606 . 72

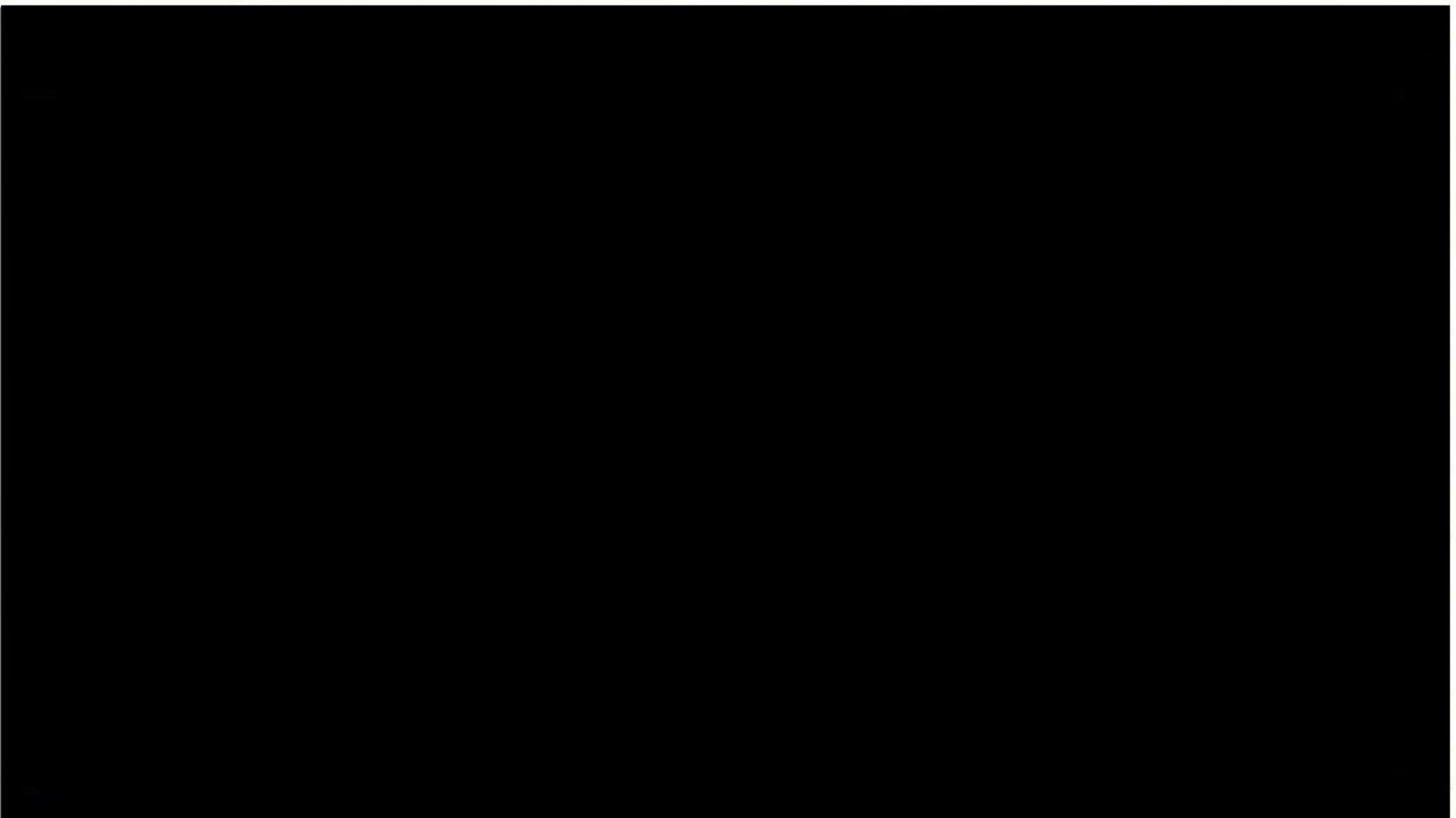
GOOG-HIGH TECH-00036358

Google Confidential and Proprietary

CONFIDENTIAL ATTORNEYS EYES ONLY

Leveling and Titles

Google



Google Confidential and Proprietary *

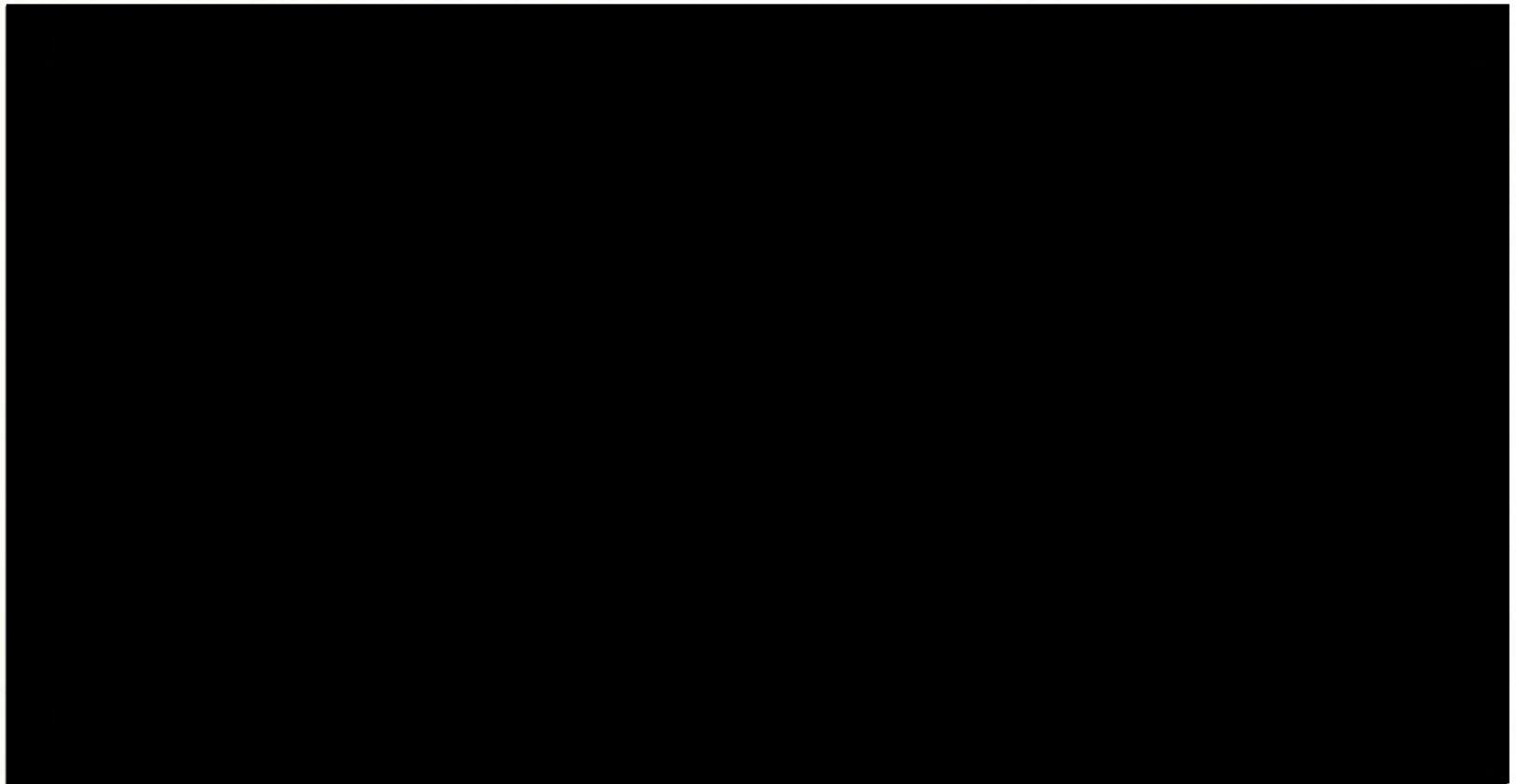
1606.73

GOOG-HIGH TECH-00036359

CONFIDENTIAL ATTORNEYS EYES ONLY

Determining Base Comp

Google



1604.74

GOOG-HIGH TECH-00036360

Google Confidential and Proprietary

Slide Notes

Slide 3:

Philosophy
Pay History
Total Renumeration Value Proposition
Components
Base Salary
Benchmarking
Leveling
Setting Base
Bonus Programs
Company Bonus Program
Sales Incentive Program
Long Term Incentives
Stock Options
GSUs
TSO Program
Sign-on Bonus and Relocation
Comping an Offer
Process
Application/Example
Executive Review (equity changes)
Roles and Responsibilities
Miscellaneous
Annual Review
International Comp
Candidate Renegotiation
Exploding Offers
Executive Candidates

Slide Notes



Objections and Rebuttals

Contacts

Questions

Slide 4:

Why did we establish this policy?

We want to reward high performers – incentive for hard work and great achievements

Share in the success of Google as a company – people are given agency

Tied to the culture – very little micromanagement.

If there was just a base salary people may not work hard. What is pay designed to do? Pay as motivation.

Mixed arrangement of stock options and GSUs offer downside protection

Through equity employees are tied into the success of Google

Aligns employee and company success

We give equity to everyone. Rare – Most companies just give equity to manager level and above -- inclusion

Slide Notes

80% of US companies have bonus programs for employees

We can afford to pay this way.

We want to promote innovation and performance

Companies that pay high base, low bonus want to attract a stable workforce that will stay until retirement
– we aren't attracting those kinds of people

Slide 5:

Our compensation philosophy today (for non-Sales) is to target compensation at the [REDACTED] for each of salary, total cash, and stock compensation.

What does this mean?

[REDACTED]
[REDACTED]

It doesn't mean we target our compensation to be the highest. If you compare your salary with enough of your friends doing similar work at other companies, [REDACTED]

However, if you were to compare actual total compensation, you might find Google compensation to be much higher, or even highest

Our compensation philosophy has been evolving as we have been evolving

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Slide Notes

Slide 9:

Compensation at Google is a lot more than just salary. When we talk about compensation we mean *total* compensation. When you add in bonuses and annual stock vesting, compensation at Google becomes more and more competitive. So if you're going to compare Google compensation to compensation at other companies, add all the pieces together.

One thing that's uncommon about Google's compensation is what we mean by target. When other companies say target they mean max. When we say target we mean target – and we expect there's a very strong chance you will be paid above target in your *actual* compensation. Actuals shown here are averages for the last year, but actual bonuses and stock compensation can vary dramatically based on both your performance and the company's performance.

Slide 12:

Cost of Living vs. Cost of Labor

We set our pay levels consistent with our philosophy based on the role at Google and the local market. Essentially, we pay for cost of labor NOT cost of living.

Slide 15:

When confirming the candidate's level, consider how they compare against our Google incumbents.

How does this candidate's education and experience compare to their Google peers?

What specialized skills or critical knowledge might they bring?

Use this information about the candidate to determine where they should be placed in our nine tier system of salary levels, which we review in Staffing Orientation.

LEVELING: Job vs. candidate

Many Lead Recruiters have a good sense of prototypical employees per level or job type. Asking the hiring manager these questions too might be a useful way to ensure that you're leveling this candidate correctly.

Slide Notes

Upon leveling the job, consider the following when determining the actual compensation:

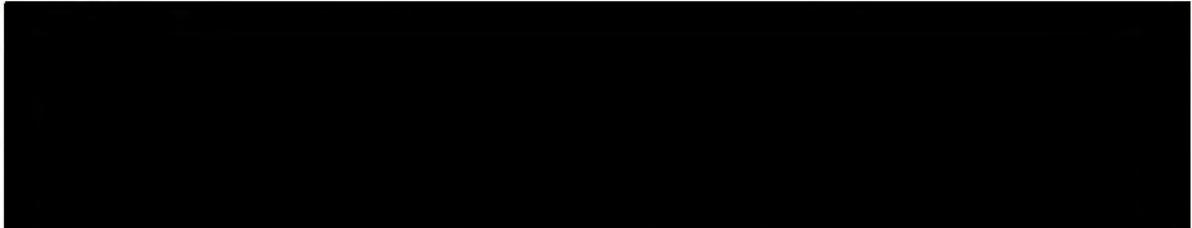
Internally consistent – target total cash should be generally consistent with offers made to individuals for Google positions with similar expected impact and risk. The comp team heavily considers this factor.

Externally competitive – target total cash should generally compete with other offers known or unknown and let candidate make a decision about the position on the basis of job content, company, and role. Google evaluates this data every year to confirm that our salary structures are consistent with external market data.

Gather data! Everything you can about the candidates current compensation, target/actual bonuses, vested/unvested equity, equity type, guaranteed bonuses, etc (I should create a checklist for this!)

Let's talk about the actual steps involved and what to think about when determining an appropriate offer...

Slide 17:



Slide 22:



Slide 23:

Salary Increases

Slide Notes

Google awards salary increases based on a variety of factors including competence, how well you have accomplished the goals set with your Manager over the last year, and sustained performance. Additionally, your salary increase will be contingent on other factors, such as industry-wide averages and Company resources allocated for salary increases.

The salary review process, though still developing, is designed to be fair, consistent, and to clearly promote the link between pay and performance. The following factors will be taken into consideration in determining the amount of a salary increase:

Your job performance since your last review, i.e., accomplishments vs. objectives/goals, and how well you have performed the core responsibilities of your position;

Market competitive pay rates for your level of responsibilities; and

The current salary increase guidelines developed by the Company (these are based on industry-wide trends and the Company's operating budget).

A salary increase will not be granted if your performance did not meet expectations or if your salary has reached the maximum of the market salary range. All salary increases must be reviewed and approved by your Manager, the appropriate Director or Vice-President and Human Resources.

Slide 35:



This is a program for rank and file employees to understand and access the real value of their options.

The beauty of it is that it's simple. We know that investment banks are providing bids everyday on Google options in the public options markets, so we asked some of them to point their bidding engines over to our auction and provide our employees with bids in a similar manner. These banks use their own algorithms to stream bids in real time to a clearing engine that identifies the highest bid and shows it to employees through an interface that works like a personal brokerage account. When employees login to the auction site they can look at the prices moving up and down throughout the day and decide if they

Slide Notes

want to sell or continue to hold their options. Either way, we've succeeded in making the intangible time value tangible; and we've simplified the communication of option value.

[REDACTED]

[REDACTED]

[REDACTED]

Let's take a look at some actual transaction data on the next slide...

Slide 38:

The auction is working very efficiently as the values employees are getting are similar to what you would expect to see in the public options market or a Black-Scholes calculation.

I think it's clear that Google's TSO program is great for employees, but what does it mean for the company...?

Slide Notes

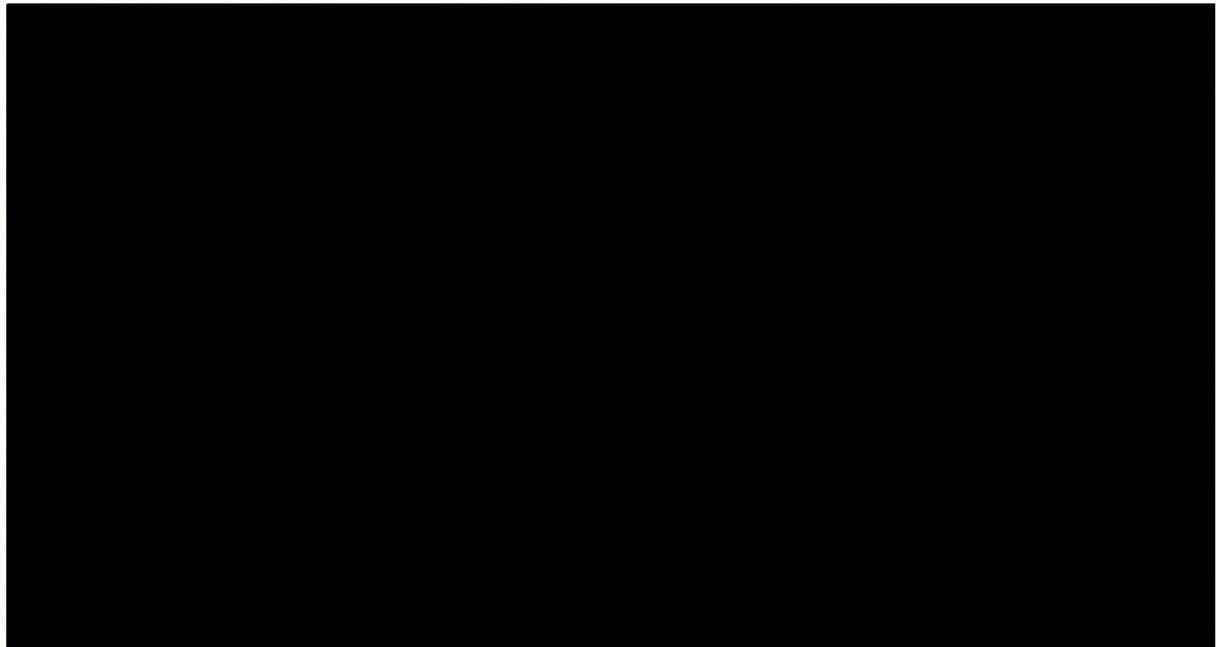
Slide 41:

Rewards high performers with an additional stake in the company's future performance in the form of stock options

Motivates high performers' contributions to Google's long-term growth rather than provide immediate value for contributions already made (cash incentive plans do that)

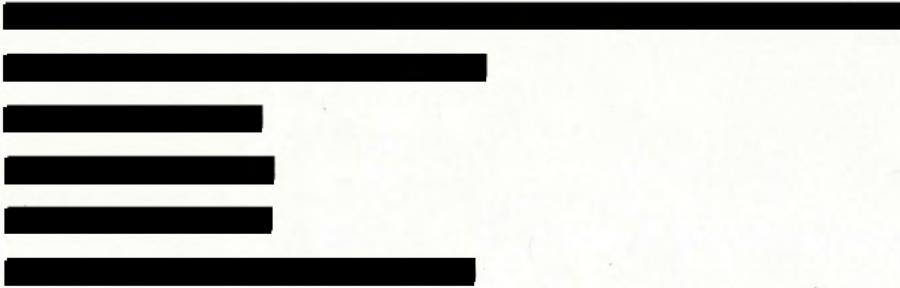
Creates an incentive for all employees to reach high performance levels on an ongoing basis

Slide 45:



Slide 59:

Slide Notes



Slide 73:

Egalitarian Culture

Example – SVP's being kicked out of a conference room because it was reserved by lower level employees and it was their time to use the room